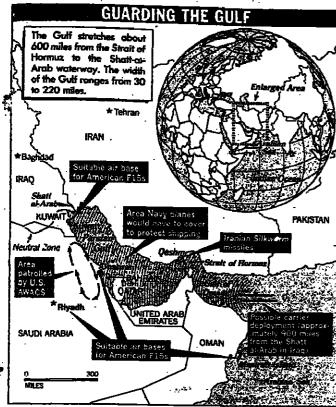
# Iran Warns U.S., Soviet Union



# Allies Cool to U.S. Call For Joint Effort in Gulf

istration in plans to provide mili-tary protection for merchant ships

Reagan and his aides have thought

doubts raised in Congress over ad

Reports that the U.S. escort op-

erations are now due to begin only

**NEWS ANALYSIS** 

spar W. Weinberger, the U.S. secre-

suggested that NATO members

See ALLIES, Page 5

Gulf open for oil shipping.

ministration plans.

become famous."

moving through the waterway.

By Edward Cody PARIS - Despite heavy dependence on Gulf oil, the major U.S. allies have shown a noticeable reallies have shown a noticeable re-luctance to join the Reagan admin-tions in the Gulf and about the extent to which President Ronald

#### Kiosk **Israel Orders** Shin Bet Inquiry

JERUSALEM (AP) — The Israeli cabinet voted Sunday tohold a judicial inquiry into the interrogation methods used by the Shin Bet security service. The service has been accused of fabricating evidence and tortur

Sixteen cabinet ministers you ed to start a secret inquiry, which would be ensured to subpoena witnesses and documents, Israeli radio reported.



Chris Evert made the quarterfinals at the French Open, beating Katerina Maleeva. Page 19.

GENERAL NEWS

■ American evangelicalism has much at stake as the Reverend Jerry Falwell works to revive the PTL ministry.

The New York Yankees broke the Oakland Athletics' four-game winning streak Sun-Page 19. day, 9-5.

BUSINESS/FINANCE Italy added its voice to calls for West Germany to stimulate

By Glenn Frankel

JERUSALEM - The warplanes left in waves on that crystal blue Mediterranean morning, headed

due west over the sea, then hooked

back to enter Egypt from behind, flying less than 1,000 feet above the

It took them 35 minutes to get

By 10 A.M. it was over. Israel

had destroyed more than 300 Egyp-

This first article in a series on the

legacy of the Six-Day War deals

mada, most of them on the ground.

worked up the courage to give an

incredulous President Gamal Abd-

..... 2abbihma Stants, 10. nonores-.....

el Nasser the bad news:

no longer have an air force."

with its impact on Israeli society.

there and only a few minutes more

to accomplish their mission.

The Six-Day War:

20 Years After

ground to elude radar.

# Says Gulf Area Is'NotaToy'

By Jonathan C. Randal Washington Post Service NICOSIA — Foreign Minister

Ali Akbar Velayati of Īran warned the United States and the Soviet Union on Sunday against interven-ing in the Gulf War. The warning came as Tehran an-

nounced that seven Kuwaiti highspeed gunboats had been detained while "spying" for Iraq.

Observers suggested that Iran was embarking on a major propa-

ganda exercise to strengthen U.S. congressional criticism of the Reagan administration's plan to pro-vide navy escorts for Kuwaiti tankers.
The Iranian news agency said the
Kuwaiti speedboats were detailed recently near the Khour Abdullah

said the gunboats' crews had confessed to spying for Iraq, proving Kuwait's "new treachery For months, Tehran has singled out Kuwait, a small, essentially defenseless oil-producing state, attacking its tankers in the Gulf and

estuary at the head of the Gulf. It

launching attacks on its territory.
Those attacks prompted Kuwait to seek help from both Moscow and Washington. The United States has agreed to protect Kuwaiti shipping after putting it un-der U.S. stewardship, and the Soviet Union has agreed to transport Kuwaiti petroleum products in its

own tankers. The Iranian foreign minister, in a stopover in Abu Dhabi during a Their unwillingness reflects visit to Arab Gulf states, reiterated his country's opposition to super-power involvement in the Gulf, which Tehran has denounced as disguised aid to Iraq.
Mr. Velayati said that Iran

out the need for military deploy-ment and its possible consequences, according to European of-ficials and news reports. would "not allow the superpowers or any other force to interfere in the In some ways, the hesitation in Western Europe amounts to a discreet foreign version of the noisy

While warning that Iran would not tolerate foreign powers turning the Gulf into a "toy in their hands," he was vague when asked what action Tehran would take if the superpowers increased their fleets in after several weeks were portrayed the Gulf. Iran, he said, would "deal with in the French press as a pullback by

each incident according to the circumstances. Strategists have suggested that Iran has little interest in directly Mr. Reagan The newspaper Libbs Iran has little interest in dation said Sanurday, The Reagan challenging that superpower administration seems at the last attacking warships or communication. challenging that superpowers by

shipping flying their flag. minute to have gotten itself out of one of those messes for which it has ■ Navy Seeks More Ships George C. Wilson of The Wash-For the most part, official silence ington Post reported from Washing-

has greeted a call Tuesday by Ca-Admiral William J. Crowe Jr., tary of defense, for support from the NATO allies to help keep the chairman of the Joint Chiefs of Staff, has told President Ronald Reagan that the United States Mr. Weinberger, in Brussels for a should not start escorting Kuwaiti North Atlantic Treaty Organiza- an administration commitment to bers could provide aid. He sources.

See GULF, Page 5



Labor Cuts Thatcher's Lead in U.K. Polls

Prime Minister Margaret Thatcher and her husband, Denis, walking in London Sunday. New polls indicated that the Labor opposition was cutting into the Conservative lead for the June 11 election. A Harris poll said Labor had cut Mrs. Thatcher's lead to 4 percentage points, the narrowest margin of any sample since the election campaign began. Three other polls suggested Mrs. Thatcher was still between 4 and 12 points ahead, with Neil Kinnock of Labor gaining ground, but slowly.

# Reagan, Citing 'Urgency, Not Panic,' **Orders Tests for AIDS for Prisoners**

The Associated Press

WASHINGTON - President Ronald Reagan, saying the AIDS epidemic "calls for urgency, not panic," announced Sunday that he was ordering testing of federal prisoners for the virus and recommending that states offer testing to marriage license applicants.

Mr. Reagan also said AJDS would be added to the list of diseases for which immigrants can be denied entry to the United States or refused permanent residence.

"In addition, I've asked for a review of other federal responsibilities, such as veterans hospitals, to see if testing might be appropriate in those areas," he said in remarks prepared for delivery to an AIDS fund-raising dinner. It was his first major speech on acquired immune deficiency syndrome.

"While recognizing the individ- has infected up to a quarter of the nal's choice, I encourage states to population of some capital cities, is norm Atlantic freaty Organiza-tion, expressed hope that; collec-tively or individually, NATO mem-ships, according to informed seek marriage licenses and for those who visit sexually transmit-The admiral also warned the ted disease or drug abuse clinics," the president said. "And I encour-

age states to require routine testing in state and local prisons,"

The speech was prepared for de-

livery at a dinner of the American Foundation for AIDS Research, held on the eve of a weeklong scientific conference on the disease

By Blaine Harden

Washington Past Service

The Third International Conferstate and local prisons," ence on AIDS, opening in Wash-He said he has asked the Justice ington on Monday, will bring to-Department to plan to test all fed-eral prisoners and to look into ways hear presentations on the latest re-

> Human Services and as U.S. Public See REAGAN, Page 7

Epidemic Threatening Elite of Africa

of protecting uninfected inmates search into the causes, spread, and their families. The conference is sponsored by the U.S. Department of Health and

# Soviet Dismisses **Defense Chief in** Plane Incident

By Gary Lee

\*\*Braington Post Service\*\*

MOSCOW — The Soviet leadership, charging the Defense Ministry with "a major dereliction of duty," has retired Defense Minister Sergei L. Sokolov and dismissed the commander of the country's air defenses. The moves came after a 19-year-old West German piloted a single-engine plane across the Soviet Union and landed it in Red

Following the ruling Politburo's emergency meeting Saturday about the airplane incident, the Tass news agency announced that General Dmitri T. Yazov, 63, had been appointed the new defense minister and that Marshal Sokolov, 75. had been retired.

General Yazov was promoted from his post as deputy minister for defense in charge of personnel.

Tass said that General Yazov had earlier served as a commander of Soviet troops in Soviet Central Asia and in the Far East. He is also a nonvoting member of the Soviet Central Committee.

For Western experts in Moscow. General Yazov's appointment as defense minister comes as a surprise. Western diplomats based in the capital had expected the post to go to General Pytor G. Lushev, a deputy defense minister who had assumed many of Marshal Sokolov's duties in recent months.

The Politburo, Tass said. had heard a Defense Ministry report about the flight taken Thursday by the young West German, Mathias Rust of Hamburg, and then charged the Soviet anti-aircraft de-fense forces with "intolerable un-of the Soviet military, may be altion with the violation of Soviet air trial, a Soviet spokesman said Sun-

The Tass report said that Marshal Sokolov, who has been ill. was ambassador to West Germany and relieved of his duties in "connection with his retirement."

But Tass said the Politburo leveled severe charges at the entire defense leadership in the airplane episode, saving the incident "attests to serious shortcomings in or-See MOSCOW, Page 7

# Soviet Aide Says Pilot May Be Freed

ON PAGE 7

The light plane that reached

Moscow evaded an enormously

Mikhail S. Gorbachev as he

faces criticism that his policies

are undermining discipline.

extensive Soviet air defense.

By Bill Keller New York Times Service

MOSCOW - Mathias Rust, the West German teen-ager whose aeconcern and indecision" in connec- lowed to go home without standing

Valentin M. Falin, former Soviet now chief of the official Novosti press agency, said the young pilot would probably not be runished for flying a single-engine plane across the heavily defended Soviet frontier and landing it Thursday near the Kremlin.

"On the one side, he will be thanked, that he made us aware of the gaps in our air defense system, Mr. Falin told a German newspaper. The remarks were confirmed Sunday night by an aide in Mos-

"It could be that he will have to appear in court; that would be nor-mal in such a case," Mr. Falin told syndrome is viewed as a particular- ease appears to be an important ly severe threat to Africa, the factor in the spread of AIDS. The the Hamburger Morgenpost in an NAIROBI, Kenya — AIDS in world's poorest continent, because prevalence of gonorrhea, for examinterview to be published in its central and eastern Africa, which it appears to have spread among its ple, is 10 percent of the population has infected up to a quarter of the limited pool of professional and in Kampala and 7 percent in Nairobi. (In London, the figure is 0.3 his parents and friends."

A deputy to Mr. Falin said Sunobservers elsewhere say the epi- Researchers speculate that genital day night that the Novosti chief demic could, in a sense, decapitate sores resulting from venereal infec- meant that Mr. Rust might be recharges read to him but that he Tests of 1.000 pregnant women would be allowed to leave "before a

The deputy stressed that this was AIDS, which cripples the body's that 13 percent were infected with "Mr. Falin's opinion," but that the immunity system against fatal distinct the AIDS virus. In February, tests Novosti editor is regarded as a confidante of Mikhail S. Gorbachev

percentage of those infected had carefully. Western analysts tried to piece healthy blood donors and pregnant Kigali, the capital of Rwanda, re- together details of the air defense women in urban areas of the worst- cent tests suggest a comparable lev- breakdown that enabled Mr. Rust to travel more than 400 miles (650 "In terms of deaths, the AIDS kilometers) through Soviet airspace epidemic in Africa will soon be as unimpeded.

Initial indications were that the

Mr. Falin said Soviet radar picked up the single-engine Cessna 172 crossing the border of the Estonian republic from Finland, but the military "presumed it was a Soviet

> Later, according to the account See PILOT, Page 7

By Julian Nundy mal Herald Tribum

grown rival to Disneyland.

But one journalistic wit has already dubbed it

Minister Jacques Chirac, is one of the first in a generation of French-inspired theme parks. They were conceived partly in reaction to criticism that plans for a Eurodisneyland east of Paris, scheduled to open in five years, will

Workers from traditional carnivals, protesting tax concessions given to modern theme parks and contesting the need for competition for the old-fashioned fairs that have plied their trade in Europe for centuries, twice attacked

posing a permanent threat to its founded.

frightened and potentially hostile have challenged the Jewish state West Bank and the Gaza Strip for a is no end in sight.

about smashing machinery and putting deterboxes, witnesses said.

"Nothing worked," one Mirapolis employee said. "They cut conveyor belts, electric cables, sprayed water on electrical systems and smashed up most of the kiosks and restrooms."

riot police and ambulances arrived. The police officer in charge, Inspector Christian Perret, was hurt by a blow to his face with an iron bar.

See PARK, Page 7

it. Although the world subscribes

technical elite. Health authorities in Africa and percent; in Atlanta, 2.5 percent.) now seen by some African govern-ments and Western aid donors as

AIDS Toll Aggravates Shortage of Skilled Professionals

an economic and developmental some African countries. It is aggra- tions may facilitate transmission of quired to go to court to have the vating a severe shortage of skilled the virus. people and raises the prospect of economic, political and social dis-order. Ugandan capital in 1986 found The

eases, has hit Africa harder than of 170 pregnant women at the same any other region, according to the Kampala hospital found that the and a man who chooses his words World Health Organization. Last year, from 1 to 18 percent of nearly doubled to 24 percent. In

hit countries were infected with the el of infection. AIDS virus, according to published

Unlike much of the world, where serious as the African famine of a AIDS has been spread primarily couple of years ago," said Jon Tin-failure was human rather than through homosexual contact, intra-ker, director of the Panos Institute, technological. venous drug use and blood transfu- a London-based organization that sion, the disease in Africa is spread analyzes Third World AIDS data. primarily through heterosexual contact. Since the epidemic started short-term problem," Mr. Tinker in Africa in the late 1970s and early said. "AIDS will continue year af-1980s. men and women have con-tracted AIDS in equal numbers. ter year. Nothing we do — screen-ing of blood, education, distribu-tify it."

Researchers agree that Africa's tion of condoms - will have any high rate of untreated venereal dis-

more complex. Israel came of age with the Six-Day War, and Israeli

society has become simultaneously

Into the vacuum stepped a right-

ist coalition led by Menachem Be-

non war. These eras are over but

more democratic, more hawkish,

more complex.

tradictions.

lands

Israel's Bittersweet Victory: A Coming of Age in '67 Brings a Legacy of Uncertainty

See AFRICA, Page 7

"But the famine was a relatively

of its soul. But the real legacy is ference. His gamble so far has been their agendas partially concealed to blocked by Prime Minister Yitzhak avoid offending supporters on their Shamir of the Likud bloc.

But even if Mr. Peres, now the more polarized and, above all, foreign minister, succeeds in con- Bureau of Statistics project that the vening a meeting, many in Israel combined Arab population in Isra-The old governing Labor Party question where the talks can lead el and the territories will exceed aristocracy, confronted with a prize when the irreducible minimum that three million by the year 2000, it could neither fully embrace nor Israel says it could agree to seems abandon, withered in its own con- so far removed from the minimum that even Hussein and moderate Palestinians are willing to accept.

lasting mark and exhausted itself in significant strategic portions of the Gor Likud has answers. yet another conflict, the 1982 Leba- occupied territories.

this, it is doubtful whether Israelis locked into permanent domination the problem remains: bow to reconcile the desire to be both a Jewish would go along. Leaders of Jewish of another people, a "horse-andand democratic state with the de- settlers in the West Bank have rider society" in the words of sire to hold onto the occupied warned that any such return of ter- Meron Benvenisti. a social scienritory might lead to a civil war tist. Since the formation of the "na- between Jews. tional unity" coalition government

leader, Shimon Peres, has sought to lation oppose territorial conces-

almost everything about Israel - bund Middle East peace process outright annexation followed by its borders, its economy, even its dreams.

The cliche among critics is that Israel gained territory but lost part of lice and Purch the mail of Jordan via an international conference of the main part of lice and political dominance by opening direct talks with King Hussein of Jordan via an international conference or lice and part of lice and like and

their own positions blurred and left and right flanks. Demographers for the Central

compared to 4.2 million Jews. If all the Arabs are granted vot-

ing rights, it is asked, then what will happen to the Jewish nature of the Israel insists on continued con- state? If they are denied, then what gin that burned intensely, made a trol of Jerusalem and retention of about democracy? Neither Labor

And so the stalemate continues Even if the the Arabs accepted and with it the fear that Israelis are

He argues that the point of no Polls suggest that between 50 return has been reached, that Israel 32 months ago, the Labor Party and 60 percent of the Israeli popu- and the West Bank are too closely See WAR, Page 7

# At a French Theme Park, the Magic Is Marred

PONTOISE. France — Its official name is Mirapolis, Paris's first theme park, a home-

"Mirapolice," after the officers who protect it from commando raids by traditional carnival Mirapolis inaugurated May 20 by Prime

give French children a surfeit of alien, trans-Atlantic culture.

The Six-Day War effectively was

decided with that preemptive first

strike of Israeli lightning on that Monday morning, June 5, 1967. With its air superiority firmly

established, Israel proceeded swift-

ly and methodically to defeat ene-

my forces three times its size in a

breathraking three-front campaign.

Working as quickly as the Lord of Genesis, Israel recreated the Mid-

In Israel, it was a time of joy and

redemption, a harrowing, narrow escape from the jaws of destruction

for a nation that saw itself as small,

nai Peninsula, the Gaza Strip, the Golan Heights and the West Bank,

a vast stretch of territory three

times its original size and a crucial

margin of security against future

capital of world Jewry, now reunit-

time in more than 2,000 years.

And it had won the biggest prize

Yet the victory also produced a

great problem. Along with the ter-

Israel suddenly controlled the Si-

die East in six days.

ionely and vulnerable.

of the Middle East's largest air ar-

Six hours later an officer finally ed under Jewish rule for the first

"I have come to tell you that we ritory came one million stunned,

The centerpiece of Mirapolis is a huge and brightly-colored model of the giant Gargantua,

a hero of the 16th-century writer and scientist François Rabelais.

Israeli soldiers holding a captured Jordanian flag in Jerusalem during the Six-Day War.

Palestinian Arabs who Israel saw as and the ideals upon which it was year longer than Jordan did before

security and whose presence and Twenty years later. Israel has to the myth that these lands are

frustrated aspirations ever since controlled East Jerusalem, the under temporary occupation, there

en de la companya del la companya de la companya del la companya de la companya d

The benevolent-looking 100-foot (31-meter) giant holds a fork supporting an entire cow in one hand and a glass of wine in the other. It dominates the flat countryside around it, breaking the monotony of rows and rows of electricity pylons.

Mirapolis, 22 miles (36 kilometers) northwest of Paris, has attracted a good deal of attention, but mainly because of violent incidents that marred its first days.

On the first occasion, one day after the park

opened, about 200 of them turned up and walked in peacefully after buying entrance tick-

Before terrified children and parents, they set gent in fountains and sand in pumps and gear-

Two and a half hours after the havor began,

No one was arrested. Mirapolis's insurance company gave the park

# Acquired immune deficiency

catastrophe.

# High Toll Is Reported In Sri Lanka Offensive **Against Tamil Rebels**

By Steven R. Weisman New York Times Service

COLOMBO, Sri Lanka - The Sri Lankan armed forces pressed a major offensive against Tamil insurgent strongholds in the north over the weekend, amid reports that hundreds of people had died in fighting and bombardment during

Military analysts called the fighting the bloodiest and most important in Sri Lanka's four-year ethnic

The army was said to be trying to guerrilla leaders and secure perhaps a third of the Jaffna peninsula in the north. The peninsula is dominated by Tamils, who want to set



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or in Paris. Tel.: 47 58 12 25 Toll free (from France only) up an independent nation in the north and east.

The government has said that since the offensive began Tuesday, nearly 200 people have been killed. three-quarters of them Tamil guerrillas. The government announced Sunday that soldiers had found 17 bodies at a Hindu temple, raising the official civilian death toll to 37.

Tamil spokesmen here and in India, where several guerrilla groups have their political bases, said that as many as 1,000 civilians died last eek in helicopter and airplane The army was said to be trying to bombardments, especially in and wipe out rebel military bases, kill around the city of Jaffna, which has a population of 800,000.

It was difficult to independently

verify of any of the reports because journalists have largely been barred rom the north.

As the fighting continued in the peninsula just west of the town of Point Pedro, Sri Lanka's foreign minister, A.C.S. Hameed, denied a charge by India that the government had killed civilians in what he called "carpet bombing" of Jaffna and the surrounding area.

He said the government had neither the means nor the intention of carrying out such dense bombing. Earlier, Prime Minister Rajiv Gandhi of India, who has been trying to mediate a political solution to the conflict since 1985, appealed for restraint by Sri Lanka and was

reportedly angry that his appeals

were being ignored.
Indian officials, who are under some public pressure to intervene, perhaps even militarily, on behalf of the Tamils, warned that the widening war was making the region vulnerable to "external influ-

Responding to the Indian charges, Mr. Hameed said it was Sri Lanka that was trying to eliminate outside influences but was being thwarted by India from taking "legitimate steps" against the Tamil insurgency.

Sti Lanka has repeatedly accused India of providing arms, political support and sanctuary to the guerrillas. The heated exchange appeared to eliminate chances of an early settlement or even of negotiations between the government and the Tamil insurgents.

About 16 million people live in Sri Lanka, off the southern tip of India. Three quarters of them are ethnic Sinhalese. Buddhists who speak the language of Sinhalese.

The Tamils, who make up less than 20 percent of the population on the island, are Hindus. They feel kinship with the 50 million Tamils in the southern Indian state of



# Singapore Arrests 3 Opponents Party Chief, 2 Members Protested Seizure of 16 Suspects

Bv Michael Richardson onal Herald Tribune

SINGAPORE — A prominent opposition leader and two members of his party were arrested this weekend as they held a protest outside the president's official residence over the detention without charge of 16 suspected Communists by the Singapore government.

The police said that Joshua B. Jeyaretnam, secretary-general of the Workers' Party, and two colleagues were taken into custody Saturday for attempting to hold an assembly without a permit and obstructing the police. The three were later released, the police said, after each agreed to pay personal bond.

They held their protest outside the residence of President Wee Kim Wee. Prime Minister Lee Kuan Yew has his office in the same compound.

Four of the 16 persons detained on May 21 had links with the Workers' Party. The 16 were held for alleged involvement in a Communist conspiracy to infiltrate and subvert church, student and other legally established organizations.

Mr. Jeyaretnam said at a press conference last week that his party has never been, and will not allow

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itself to be, used by anybody for and fined him for making a false any subversive purpose or objective declaration in his party's accounts. that will be harmful to society."

The 16 were taken in for ques-

He asserted that the detention of the 16 was intended to intimidate Singaporeans so that they would not support any political party other than the governing People's Action Party, which has been in power

In a statement published in the Singapore press on Saturday, the Ministry of Home Affairs said that the Workers' Party had been infiltrated three times by Communists since it was formed in 1957.

It said that 4 of the 16 had given assistance to the Workers' Party in the last general elections, in 1984. It further alleged that two of

them had gradually maneuvered themselves into positions of influence in the party and captured control of the party paper, "which they saw as a useful medium to disseminate anti-government propaganda and influence public opinion against the government."

Mr. Jeyaretnam, a long-time political foe of Prime Minister Lee, was one of two opposition members in Singapore's 79-seat Parliament. He lost his seat in November after a court jailed him for a month

The 16 were taken in for ques-

tioning under the Internal Security Act, which allows authorities to detain suspected political or religious radicals indefinitely without trial. Two of the 16 are Malaysians. The rest are Singaporeans.

Their detention prompted expressions of concern from lawyers' associations and other groups in Singapore and Malaysia. They have asked the government to charge the suspects in court or free

Param Cumaraswamy, chairman of the Malaysian Bar Council, said in a telegram to the Home Affairs Ministry in Singapore: "On behalf incursions into u of 2,300 Malaysian lawyers I appeal to you to charge the 16 in court if they had committed an offense. first time that Thailand had com-Otherwise, in the name of justice, please release them unconditional-

The council of the Singapore Law Society called on the government to complete investigations as of the detainees. She is lawyer and

Ten of the 16 were Roman Catholic Church workers. The Reverend Edgar K. D'Souza, a priest who acts as press haison officer for Archbishop Gregory Yong of Sin-gapore, said in a statement on Wednesday that if any of the 16 had admitted the charges made be in the hundreds. against them while in detention. we wish to know if these confessions and admissions have been "but this one stands apart for the given under any form of duress, coercion, intimidation, threat, fear or inducement"

government still had to prove be-yond reasonable doubt that all 16 detainees were seeking social and rocky ridges and with well-prepolitical change by unconstitution-pared fields of artillery fire that can al means.

Tan Wah Piow, a former Singa-pore student leader now in Britain,

A Their miles has denied an accusation by the Home Affairs Ministry that he was the "mastermind" behind the Communist plot to subvert the island

In an interview with Reuters, he the entrenched Vietnamese is not

under the Internal Security Act. He the border. is studying law at Oxford Universi-

He told the Sunday Times, a Singapore newspaper, that he had been informed last week by Singaporean authorities that he had 21 days to appeal against removal of his citizenship because he had been Thailand. away from the country more than

Mr. Tan was arrested in Singa-pore in 1974 for unlawful assembly and rioting. He was later convicted and sentenced to 12 months' im-The Ministry of Home Affairs

said he went to Britain in 1976 on a Singapore passport with a forged renewal endorsement to evade compulsory national service.



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# Thais Press Campaign to **Drive Out** Vietnamese

By Seth Mydans New York Times Service

BANGKOK - In a largely hidden conflict in a mountainous border region, Thai and Vietnamese forces are locked in what appears to be their most intense engage-ment since Vietnam invaded Cambodia more than eight years ago.

Fighting in the Chong Bok area. where the borders of Thailand, Cambodia, and Laos intersect, has reportedly continued since January, as Thai soldiers try to dislodge the Vietnamese from entrenched positions just inside Thai territory. Despite reports of high casual

ties from Vietnamese artillery and mines, the Thai regional command er recently announced that the offensive would continue until security was restored.

The United States has joined Thailand's Southeast Asian allies in condemning Vietnam's "clear vi-olation of international law" and in calling on Hanoi to withdraw its A spokesman for the Thai 2d

Army, commanded by Lieutenant General Isarapong Noonpakdi, said a road was being built several miles into the rugged area to make it easier to resupply troops and evacuate the wounded. The Vietnamese occupation of

several hills on an important infiltration route from Thailand into Cambodia appears to be part of a largely unsuccessful two-year attempt to seal the border against forces fighting the Vietnamese-backed Cambodian government. Since Vietnam invaded Cambo-

dia at the end of 1978, its occupying force, now numbering about 140,000 men, has been harassed by guerrillas operating from camps along the Thai border. Vietnamese troops have often in-

truded into Thailand. The Thais have fought many small and a few brief, larger battles with the intruders. But previous Thai policy has usually been to ignore Vietnamese incursions into uninhabited areas

Diplomats said that this was the mitted itself to a protracted engagement against entrenched in-On March 21, the army com-

mander, General Chaovalit Yongquickly as possible and either rechaiyut, broke Thai secrecy over lease or charge Teo Soh Lung, one during which, a diplomat said, "he nailed the flag to the map" and vowed to clear the Vietnamese from Chong Bok.

Thai military officials have since released sketchy and conflicting details about the fighting. Their reports of Thei casualties have ranged from 45 to 72 dead. Western diplomats said the death toll could "There have been battles before in the passes," one diplomat said,

depth and permanence of the Vietnamese penetration and for the Thais' willingness to make a public Some Singaporeans privately exissue of something that is so costly pressed skepucism that those defor them. The Thais are being very tained had the ability to cause troutough about it, going in again and A diplomat said he felt that the again despite heavy casualties.

He said the Vietnamese held the saturate the hillsides whenever they

A Thai military official estimated that the area had been seeded with more than 100,000 mines.

The Thais have reportedly attacked with artillery and air strikes as well as infantry. The effect on

was quoted as saying: "I don to lieve that Singapore can ever, or should ever, be a Communist state.

In a radio broadcast tast woon and the Chong Bok area was in fact inside Cambodia, Mr. Tan is wanted in Singapore out air and ground attacks across

> A diplomat said some Vietnamese officers had been captured carrying American maps that show the

area to be inside Thailand. The fighting is taking place in the Nam Yuen district of Ubonratchthani Province in eastern

Thai villagers living in scattered settlements within three miles (five kilometers) of the conflict have been evacuated, according to a

newspaper account. The Thai military, after initially making public little information about the fighting, has begun issuing almost daily reports, but correspondents have not been permitted

into the battle area. The leader of the opposition Prachakorn Thai Party, Samak Sundaravej, recently questioned the official casualty count and called on military officials to explain why soldiers were being sent to Chong Bok "only to be slaughtered."

Since early 1985, the Vietnamese have sought to seal off the 750-mile Thai-Cambodian border with a barrier of cleared land, barbed wire

Tr. 289 999

But the guerrillas have succeeded n penetrating into Cambodia more deeply and for longer periods than before, diplomats said.

# WORLD BRIEFS

#### Mitterrand Rejects Falklands Parallel

SAINT PIERRE AND MIQUELON, France (Renters) — President François Mitterrand was angered by suggestions that France send forces to guarantee fishing rights off these French islands near Canada's province of Newfoundland, presidential aides said Sunday.

During a brief visit to the islands on Friday at the end of a five-day

state visit to Canada, Mr. Mitterrand was urged by Albert Pen, a member of the French Senate and mayor of Saint Pierre, to act "with the same firmness" shown by Prime Minister Margaret Thatcher of Britain in

defending the Falkland Islands in 1982.

"The parallel with the Falklands is badly placed." Mr. Mitterrand said. He said he had tried to revive negotiations on French fishing rights in Canadian waters but there had been no major progress. However, his aides said he departed from a prepared text to toughen criticism of Canada in response to Mr. Pen's statement.

#### Hart-Rice Photo Sold by Her Friend

NEW YORK (NYT) -- A friend of Donna Rice, Lynn Armandt, asked for \$25,000 from The National Enquirer for a photograph of Gary Hart with his arm around Miss Rice, according to a person with knowledge of

The photograph, which showed Miss Rice sitting on Mr. Hart's lap with her arm over his shoulders, was published last week on the cover of magazine, less than three weeks after Mr. Hart dropped his presidential campaign amid reports about his relationship with Miss Rice. She is a pharmaceuticals sales representative and part-time model and actress. Miss Armandt had said that for \$50,000 she would sell her exclusive

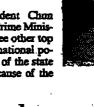
story of the overnight trip that she, Mr. Hart, Miss Rice and another person took to Bimini, the source said. The photograph was taken by Miss Armandt during the trip.

#### Seoul Apologizes in Police Cover-Up

SEOUL (Reuters) - The South Korean government has apologized for a police cover-up in the torture and killing of a student activist and renewed a pledge to improve hu-

man rights. Prime Minister Lee Han Key said Saturday in a statement that the government would provide more effective safeguards for human rights to prevent the recur-rence of such incidents as the death in January of Park Chong Chol. He warned opposition forces not to exploit the incident and pledged stern punishment for any violence

and illegal protests.
On Tuesday, President Chun
Doo Hwan dismissed Prime Minister Lho Shin Yong, three other top cabinet ministers, the national police chief and the head of the state intelligence agency because of the



Lee Han Key

#### For the Record

Polish police arrested two Solidarity leaders Saturday in the northwest-city of Szczecin, bringing the total detentions of Solidarity officials to six in two days, relatives of the two men said.

# TRAVEL UPDATE

#### Storm Injures Passengers on OE2

SOUTHAMPTON. England (Reuters)—Fig. activity exhibited Queen Elizabeth 2 docked here after what the city called its stormest North Atlantic crossing in 15 years. A doctor in the ship's hospital said several of the 1,800 passengers had suffered broken bones.

Winds of up to 50 miles (80 kilometers) are bour socked the liner, throwing passengers and food across the during noon, crew members said. The ship's captain strapped himself to his chair on the strapped when the large the strapped with the liner of the strapped with the liner of the strapped with the large the strapped with the large the large the strapped over the members said windows were knocked out by flying furniture. The ship docked Saturday.

furniture. The ship docked Saturday.

A Czechoslovak Airlines plane carrying 19 passengers from Pragno landed Sunday at Beirut International Airport. It is the second foreign carrier to resume flights since the airport was reopened May 10. (AFP) The United Arab Emirates' fifth international airport will open in 

#### This Week's Holidays

the following places this week because of national and religious holidays: MONDAY: Australia, Bahrain, Bhutan, Cape Verde Islands, Central Africas Republic, Colombia, Cook Islands, Hong Kong, Ireland, Kenya, Malaysia, Macao, New Zealand, Saudi Arabia. Venezuela, Western Samoa.

TUESDAY: Bhutan, Malaysia, Tunisia, Western Samos WEDNESDAY: Israel, Malaysia, Western Samon.

THURSDAY: Tonga.

FRIDAY: Bahamas, Denmark, Equatorial Guinea, Iran, Seychelles.

SATURDAY: Finland, South Korea. SUNDAY: Finland, France, Sweden, Norway

Source: Morgan Guaranty Trust Co., Renters.

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# U.S. Air Schedules Altered To Cut Delays at 5 Airports

WASHINGTON — Transportation Secretary Elizabeth H. Dole has announced that several airlines have agreed to adjust schedules at five airports to reduce flight delays this summer.

The schedules, reached after months of negotiations by the airlines, will begin to take effect Monday and will be fully in effect by June 15.

They will affect 444 takeoffs and landings. Travelers can check with the airlines to determine if particular flight times have been change The airports affected by the changes are Newark International Hartsfield International in Atlanta, O'Hare International in Chicago,

Dallas-Fort Worth International and Philadelphia International The Department of Transportation said that none of the schedule changes were drastic adjustments; most involve changes of only a few minutes and Lone more than 30 minutes. No flights were eliminated The airlines participating in the flight changes are Air Wisconsin Braniff, Continental, Delta, Eastern, Jet American, Metro Express, Metro Express II, Metro Flight, Northwest, Pan American, Piedmont, Trans World, United and USAir.

Trans World, United and USAir.

The Atlanta airport will have 231 flight schedule changes, by far the largest number. Thirteen flights will be adjusted at Newark, 13 at Philadelphia, 62 at Dallas-Fort Worth and 125 at O'Hare.

In addition to the 444 changes, which were amounced Friday, the Department of Transportation said that some airlines had earlier independently adjusted the schedules for hundreds of other flights.

#### Correction

Because of editing errors, it was incorrectly stated in the Saturday-Sunday editions that Vincent Cheng, an official with the Roman Catholic Church in Singapore, was suspected of having built up contacts with members of the National Democratic Front in the Philippines. In fact, he is suspected of having ties with the Communist Party of the Philippines. The National Democratic Front is a mass organization that includes both Communists and non-Communists



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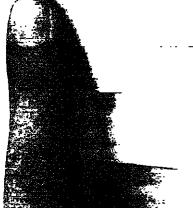
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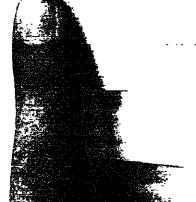
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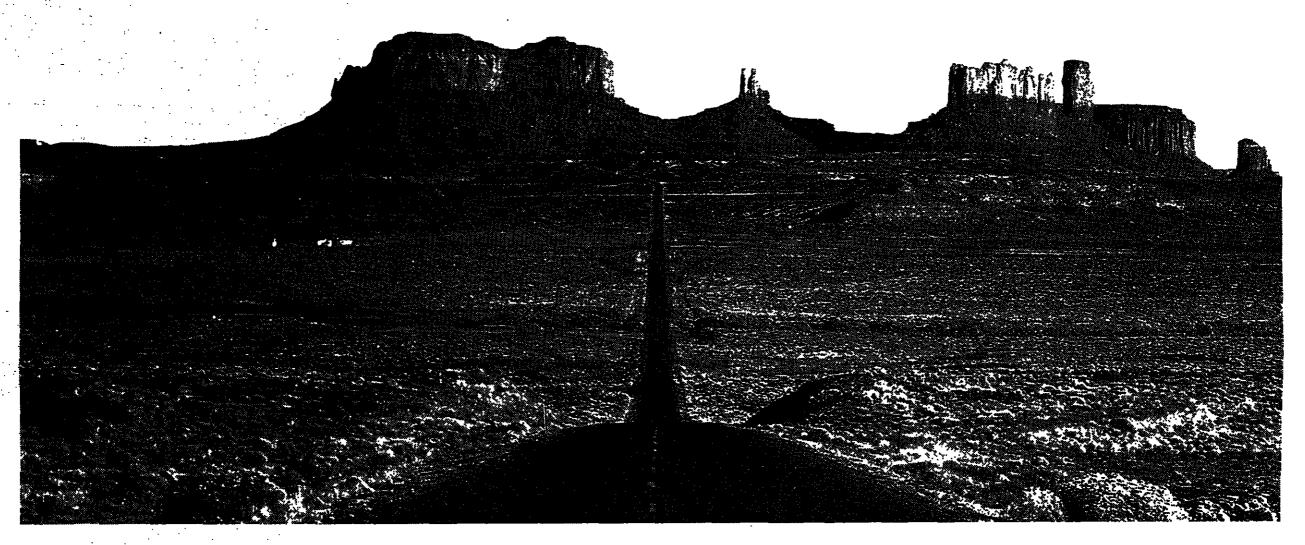






One of a series of messages from leading companies of the world appearing during the IHT's anniversary year.

# THE ROAD TO SUCCESS: HOECHST ENGINEERING FIBRES



The dream highway of the world – the dream of a road straight across the American continent, linking everything along the way – is becoming a reality.

But, in a tropical lowland plain in Colombia, right by the Panamenian border, the dream is turning into a nightmare. Again and again, cloudbursts obstruct the laying of the sub-base and wash away the filling gravel. But the road can be continued – even during heavy rainfall: Trevira Spunbond, needlepunched spunbonded fabric made of polyester filaments, forms a separating layer between the soil and the filler and holds both in place, while the water passes through and flows harmlessly away.

Just one example of many. The interdisciplinary cooperation of scientists and engineers is opening up paths never before trodden for industrial textile materials, products and processes. Hoechst High Chem Fibres are today more than ever before tailored to their applications and the properties

required are specially designed into them.

Time and again, newer and better industrial fibres are capturing more and more areas of use. Today, Hoechst high-performance fibres are already helping to provide economic solutions to enormous problems relating to traffic, nutrition, energy and environmental protection, and to give innovative answers to questions both old and new.

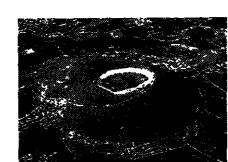
The addition of the Celanese products will result in a further expansion of the selling range.



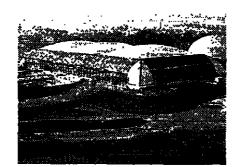
In the Colombian rain forest the geotextile Trevira Spunbond ensures the continued progress of building operations. As a separating layer it prevents the loose material from sinking into the soil and as a filter layer it drains the ground to the point of being load-bearing.



For roadbuilding, the strips of spunbonded fabric are made up into large areas. Because the material is highly tear-resistant and puncture-proof and also has a high elongation, the separating layer can be driven over immediately. The considerable costs of interrupting work have been avoided.



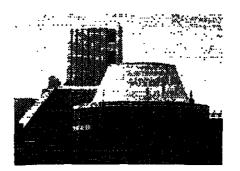
Tenerife is one of the driest regions of Spain. Today the crater of the volcano Montaña de Taco is a water reservoir, lined with coated °Trevira High Tenacity – one of fifty °Trevira lined artificial lakes serving Spanish agriculture.



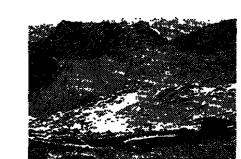
Under the textile roof of the Moby Dick leisure centre
in Rülzheim, FRG, there sits a new energy concept for
the future: "Trevira High Tenacity solar absorbers and
air cushion collectors together with heat pumps generate
more energy than the entire system can itself consume –
a powerhouse for itself and for others.



In desert areas, infertile desert becomes fruitful. Shadow nets in "Trevira High Tenacity take the heat out of the sun, encourage fruit and vegetables to thrive and ensure that the valuable water does not evaporate.



Since 1900 asbestos has been used to reinforce cement. \*Dolanit has had great success in the desirable substitution of this fortifying agent. In important properties such as strength it is superior to the traditional asbestos reinforcement.



The Zugspitzplatt – Germany's highest skiing area – can now be reached directly via a new rack-railway tunnel.

\*Trevira High Tenacity and Spunbond in two layers protect the piping system from destructive moisture and other damages.



A continuing reduction of the risk of fire – lextiles can play a great part here. Very high flame retardancy has been achieved for flame retardend Trevira by means of a built-in molecular modification, while maintaining optimum textile hand and optics.

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By Samuel G. Freedman

New York Times Service

FORT MILL South Carolina — Whether the Reverend Jerry Falwell is trying to steal the PTL ministry, as the Reverend Jim Bakker says, or to save it, there is more at stake here for the American evangelical movement than an air-conditioned doghouse or gold-placed bathroom fixtures.

Leaders and scholars of the movement say that, even as such symbols of the ministry's excesses under Mr. Bakker have been auctioned to raise short-term cash, the fate of the PTL empire has become inextricably bound with the evangelical movement's efforts to enter the political, religious and social mainstream - even to alter the course of that stream. And to shed the very "Elmer Gantry" stereotype that the current scandal has

The immediate prize for rescuing PTL, they say, is control of two of the most valuable properties in American evangelism: the PTL cable television network and Heritage Village USA, the third most poputhe nation, after only the two Disney parks.
The assessed value of the entire

2.300-acre (931-hectare) Heritage Village USA complex is \$178 million, and the cable service is thought to be worth from \$20 million to \$50 million.

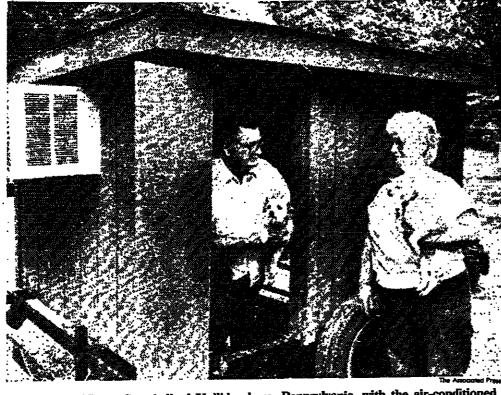
Both the image and the assets of PTL - for Praise The Lord or People That Love —are particularly important when the evangelical marketplace has grown more crowded than ever, heightening the competition for adherents and their dollars.

In a larger sense, leaders in the movement fear that the scandal will set back sophisticated efforts, including the Reverend Pat Robertson's presidential candidacy, to stamp evangelical influences on the national life.

The common denominator for all evangelical denominations is a belief in direct spiritual experience. often colloquially known as being "born again.

Many of the major evangelical ministries had seen their donations and television ratings declining before the PTL scandal broke in March, Since then, with the revelation of a \$70 million debt and allegations of avarice and sexual adventurism against Mr. Bakker and his ministry, the drop-off in giving to many television ministries has gained momentum.

"The credibility of the televised evangelists is probably at the lowest I can ever remember," said Rex Humbard Jr., the chief executive officer of the Ohio-based ministry led by his father.



George and Helen Campbell of Hollidaysburg. Pennsylvania, with the air-conditioned doghouse that belonged to the Reverend Jim Bakker, the former head of the PTL ministry. Mr. Campbell bought it for \$630, but he said the couple's two terriers will not be using it.

Every league, every franchise is affected by the image of a problem."

The immediate effect of the PTL scandal has been pronounced. A variety of polls found that public distrust of television evangelists has grown following the disclosures about Mr. Bakker's ministry.

Mr. Humbard said that donations to his father's ministry in April and May were 25 percent lower than for the same period last year. He did not provide the dollar figures. Benton Miller, the manager of media relations for the Christian Broadcasting Network, a cable service, reported an unspecified "drop-off in revenue" in the past two months.

The new management of the PTL ministry has been trying to raise \$10 million in an "emergen-" drive, and officials said about I million had been received as of late Friday. But 18 television stations have dropped the "PTL Club" television show because of overdue bilis, and 40 more are renorted to be considering it.

The show appears daily on 160 stations. The PTL ministry buys time and transmits the show, along with other programs, via the PTL Cable Network to cable television services that reach 13.5 million subscriber households nationally.

sity of Chicago, said, "It's like the agree, is whether PTL's well-docuthat's the key, I think, to why Jerry cocaine issue in professional sports. mented woes will damage the Falwell jumped into PTL in the fied by Mr. Robertson's Republican candidacy and Mr. Falwell's attempts to build intellectual and political bases through a college in Virginia and the Liberty Federa-

tion, formerly known as the Moral

Majority. From Jim and Tammy Bakker's lavish homes and wardrobes to the allegations of secret slush funds and homosexual trysts, the PTL scandal has summoned up the specter of the evangelist as blasphemer, cheat and hypocrite.

It is precisely the sort of popular portrait that the sophisticated modern-day evangelists fear most.

"With the advent of those unfortunate shenanigans," said Mr. Miller of the Christian Broadcasting Network, "all of us have been wounded." He noted that officials of the cable network went so far as to open their own financial records on the air earlier this month.

"I don't think one can stress too strongly the presence of the 'Elmer Gantry' image, the image of all the television evangelists as a bunch of no-good shysters," said Professor Jeffrey K. Hadden of the University of Virginia, the author of the forthcoming book "Televangelism. Power and Politics."

Martin E. Marty, a professor of The concern beyond the current "They've all had to fight that since 1981 and a drop of modern Christianity at the Univer- unrest, evangelists and academics image." Mr. Hadden said. "And lion from the 1985 level.

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Kate Housey
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mented woes will damage the movement's push toward the first place. He knew that if it got out of control, there was a lot for everyone to lose."

The common agenda of the evangelical movement goes only so far, and in the marketplace of souls, the PTL ministry is an exceedingly valuable resource.

Never before has the movement been so packed. The \$2-billion-ayear television evangelism field is split among 221 Christian stations and 60 syndicated programs. A New York Times-CBS News poll earlier this year suggests that the audience has been almost exhaustrespondents who do not already donate money to television evangelists say they have a favorable opin-

"The movement had peaked by late 1979 or 1980." said Razelle Frankl, the author of "Televangelism: The Marketing of Popular

ion of them.

"It had become more concentrated, more competitive," he said. "Every ministry was struggling to find its own niche in the market."

The shortfall is declining revelists, Mr. Falwell included. His major program, "The Old Time Civil Service Committee, called the Gospel Hour," brought in \$44.3 labor relations environment in the million in 1986 — the lowest figure federal government today "very since 1981 and a drop of \$8.2 mil- poor."

# **Unions Lose** Support in U.S. Federal Work Force

By Judith Havemann

Vashington Post Service WASHINGTON - When President Ronald Reagan dismissed 11,400 air traffic controllers in 1981, unionized government workers and their bosses got the message. The workers got nervous, and the bosses got tough.

"A lot of unions became less aggressive," said James M. Peirce, president of the National Federation of Federal Employees. After the Professional Air Traffic Controllers Organization strike, he said, "People didn't want to stick their neck out." Managers did.

"Most of management really felt they could ignore labor relations," said a departmental assistant secretary. They got a lot more bold, a lot more rigid."

Today, nine years after unions gained a legal toehold in the federal

ernment with passage of the government with passage of first law authorizing collective bargaining for civil servants, union membership among federal work-ers has plummeted. Political clout has weakened.

And Mr. Reagan's handling of the air traffic controllers' strike set a tone of "toughing it out" that has reverberated throughout the government.

"Members are dropping out be-cause it seems hopeless," said Rep-resentative Patricia Schroeder, Democrat of Colorado.

"There is a real question," she said, "whether federal unions will continue to exist." Not only are unions hamstrung

by a law that prohibits bargaining over wages and benefits, but they have a hard time getting manage ment to sit down at the table over ed, since only a fraction of the the few issues that are negotiable.

"There is no penalty for not bargaining," said Robert Tobias, pres-ident of the National Treasury Employees Union, one of the most aggressive of the unions. If a federal manager refuses to

eral Labor Relations Authority "might order him to post a notice on the bulletin board two years "There is no balance in the pro-

bargain, Mr. Tobias said, the Fed-

cess, no outside force pushing to resolve issues," he said. Representative William D. Ford, nues and ratings for many evange- Democrat of Michigan and chairman of the House Post Office and

> The parties involved, particularly management, he said, "are too confrontational" and "would rather litigate than negotiate."

In this environment, not surprisingly, many federal unions have run into trouble.

The largest of them, the American Federation of Government Employees, has slipped from 300,000 members in 1969 to 180,000 active and 30,000 retired members today, according to the group's president, Kenneth T. Blaylock.

"Late last year we started a strong organizing drive," said Ja-nice LaChance, spokeswoman for the union, "but before then we were losing 400 members a week." She attributed the drop to attri-tion, staff reductions and outside contracting by federal agencies.

Across the nation, many unions are in trouble. Organized labor lost 2.7 million members between 1980 and 1984, according to the U.S.

Bureau of Labor Statistics. But the public-sector unions are generally healthier than those in private industry. Of the 16 million government workers, about 36 percent belong to unions, a figure that has been almost constant since

#### Protest at U.S. Missile Base

MUTLANGEN, West Germany, - Eleven anti-nuclear protesters were arrested Saturday when they tried to block the entrance to the U.S. military base near Mutlangen, where Pershing-2 nuclear missiles are deployed, the police said.

To Negotiate on Conventional Forces had suggested that it might accept doctrines are fundamentally defen-NATO's demands for arms reduc-tions that would eliminate the East Such talks would mark the first

By Robert J. McCartney Washington Post Service

BONN - Officials of the North Atlantic Treaty Organization have welcomed the Warsaw Pact's new declared willingness to negotiate on its advantage in some conventional forces in Europe, but they brushed aside a call from the pact for joint consultations on military

NATO sources in Brussels, pro-viding what they called initial reac-tion to the two-day Warsaw Pact meeting in East Berlin that ended Friday, said it appeared that some progress was achieved because the East bloc had acknowledged that there were disparities and an imbalance between the two blocs' conventional forces.

The Warsaw Pact communique marked the first time that the group tee that both alliances' military forces

bloc's superiority in most categories of conventional weapons.

That concession, included in a statement closing the meeting, moved the Warsaw Pact closer to NATO's position on how to negotiate cutbacks in troops, tanks and other nonnuclear forces in Europe, the sources said.

"It is the first time that they are view. "They seem to recognize that

Such talks would mark the first formal meetings between the rival blocs, but NATO fears that acceptance of the offer would implicitly recognize that the two alliances are equal, NATO sources said.

ance of 16 sovereign nations with equal rights but that the Soviet Union dominates and thus controls the seven-nation Warsaw Pact.

to a question about the Warsaw Pact's proposal for joint consulta-On a related issue, a NATO tions.

# PRISON TO BE PAROLEE'S HOME - California's governor has ordered that Lawrence Singleton, 59, center, be given a home on the San Quentin prison ground Paroled after serving eight years for raping a teen-ager and cutting off her arms at the elbow, he was driven out of six communities. "Understandably, no community wants Singleton, yet he must be placed somewhere, Governor George Deukmejian said policy, has signed with Random with ability — superior to mine — who have been trapped by a House for a novel, tentatively

AMERICAN TOPICS

#### One Black's Climb To Executive Suite

A. Barry Rand is a rarity indeed: a black who not only is an executive at Xerox Corp., one of America's major companies, but who is in charge of the sales force, with 33,000 employees and annual sales of nearly \$5 billion. He is thus responsible, as The New York Times put it, for "the company's bread and butter." His annual salary is said to exceed \$250,000.

A survey of the 1,000 largest American companies carried out in October by Korn/Ferry International found only four black senior executives, those just below the chief executive level. That represented an increase of one since a similar survey in 1979 by Korn/Ferry, an executive search firm. The Bureau of Labor Statistics says the proportion of managers from minority groups increased to 5.2 percent in 1982 from 3.6 percent in 1977, But black senior executives usu-

ally are in charge of employee morale or community relations. Edward W. Jones Jr., a New Jersey consultant who recently wrote about black managers for Harvard Business Review, said

that as "as top manager with the future of the company in his hands," Mr. Rand, 43, amounts to "the Jackie Robinson of the corporate world," referring to the first black in major league

baseball, in 1947. "I can't take solace about being the first black person in this kind of position," Mr. Rand said, because "there are blacks

lack of opportunity."

#### **Short Takes**

Republic Pictures is back to making films after a 30-year hiatus, but this time only for television. The studio made 47 John Wayne films (including "Sands of Iwo Jima" and "The Quiet Man"), scores of Gene Autry and Roy Rogers westerns and many other films, most of them low-budget B-grade movies. The company, founded in 1935, produced its last feature in 1957, but remained active in distributing old movies and television shows.

A murder confession has been uncovered by a (amily refurbishing a house in Fountain, Colorado. The document, concealed under layers of paint on a window molding, was signed by John W. Spicer, who helped build the house in 1899. Spicer died in 1943. "On or about the [illegible] day of March, 1893," the document said, "I did kill and willfully murder with a club one John J. Sebastian for his money and jewelry to the value of \$5,000.00 and did drag the mutilated body to a deep ra-vine." No record could be found of the murder.

#### Notes About People

Richard N. Perle, 45, the former assistant secretary of defense for international security

NATO Praises Warsaw Pact Overture

titled "Memoranda," for an estimated \$300,000 or more. The Washington Post reports. Ha also is writing a monthly column for U.S. News & World Report magazine and is on the lector circuit for about \$15,000 per lets ture. His literary agent, Robert B. Barnett, called this "Richard" three-pronged assault on the pri-

Fann H

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#### New York's Finest Drop Baseball Caps.

A few years ago. The New York Times recalls in an editor! al the National Association of Uniform Manufacturers called New York's police the bestdressed force in the country. 'Yes," The Times went on, New York's Finest "had style to burn — until the baseball cap. The baseball cap, with mesh crown and a duck bill, became a summer option in 1984. Some it was cooler than the regulation lid. But did it have presence? Did it convey discipline? Can anything. that suggests hot dogs with mustard, pickup trucks and fishing parties reflect the sense of discipline that's conveyed by a uniform? No.

This week, after a three-year run, the baseball cap went out; the traditional eight-sided cap with patent leather visor became mandatory again. To those who wisely recognized the link between style and standards, hats off!"

-ARTHUR HIGBEE

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NATO contends that it is an alli-

"Talks already have taken place talking about disparity," a NATO on both nuclear and conventional official said in a telephone interarms control in different fora," the NATO spokesman said in response

spokesman signaled that the Western alliance planned to turn down the Warsaw Pact's appeal for joint alliances make equal percentage talks, to begin this year, to guaran- cutbacks in their conventional

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# Drug Agents in a Hostage Hunt Congress Looks Into How White House Bypassed Agencies

that it was not his handwriting,

Perot money went to the operation

By Stephen Engelberg

WASHINGTON — It was early 1985 and the Reagan administration had failed in attempts to res no records. The senator and others, cue - or even find - William Buckley, the kidnapped Beirut sta- details about the operation, which, tion chief of the CIA. Almost as an according to Robert C. McFarlane, afterthought, the White Honse the former national security advis-asked the Drug Enforcement Agen. er. was personally approved by cy to search its worldwide network President Ronald Reagan: of informants for clues to where Mr. Buckley and other American hostages were being held

From those innocent beginnings grew a yearlong succession of secret operations run by two agency officers assigned to work directly for Lieutenant Colonel Oliver L. an Arabic-language newspaper North, the former National Securi-that he said had been initialed by

The efforts, which used private said the middle initial was incorrect money in seeking to ransom the and Mr. Buckley's secretary said hostages, are coming under scrutiny in Congress as a case study of the White House penchant for bypassing the agencies normally as-

signed to covert operations. Investigators also say the operations raise troubling questions about Colonel North's access to U.S. law enforcement agencies.

Sketchy outlines of the operations have been alluded to in congressional testimony on the Irancontra affair. Congressional investigators and administration investigators and administration officials last week provided the first detailed picture of its origins.

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"This is another example of a private operation run by government officials without supervision and the checks and balances that make our government work right," said Senator Paul S. Trible Jr., Republican of Virginia. He is a member of the Senate committee investion by the CIA and FBI to rescue including its general counsel, Jotigating the Iran-contra affair. The story of this enterprise," he tage who was subsequently killed it.

said, "demonstrates the absolute folly of proceeding in this fashion."

The disclosure shows for the first time that the administration used Colonel North instructed the private money in an operation that drug enforcement agents to keep fully involved the relevant govern-

ment agencies. however, were able to relate these Mr. Trible said that the DEA agents were involved in the ransom operation from January 1985 to June 1986, At the time, senior U.S. officials were highly concerned about Mr. Buckley's plight because there was videotaped evidence that • A chief intermediary was a shadowy figure called "the source" he was being tortured and because who received at least \$200,000 in he had extensive knowledge of U.S. payments. When Colonel North's agents in the Middle East, Mr. team asked him to prove that he was in contact with the captors, the Buckley's captors claim to have killed him in 1985.

intermediary produced a copy of Mr. Trible said that Edward V. Hickey Jr., who was a White House official at the time, made the first Mr. Buckley. Later, CIA officials contact with the Drug Enforcement Agency when he called a DEA agent in Virginia who was a neighbor and asked whether the agency • The agents paid money to an could help find Mr. Buckley.

Iranian posing as a Saudi prince who, it has been previously dis-closed, was pretending to broker a The agency, which has officers all over the world for drug investigations, agreed to help. Mr. Trible contribution to the contras by Saudi Arabia. The payments to the impostor involved his claim that he might have influenced by said that a special group was assembled at the drug agency, with might have influence with the peo-ple holding the hostages. apparent support from other agen-cies. The CIA provided \$50,000.

ple holding the hostages.

• The two DEA officers were propriated funds, so in May 1985, first with the truck bombing of the one agent enlisted his brother, who
U.S. Embassy in 1983 that killed
was not a government employee, to
the previous CIA station chief and other officers, and then when his • H. Ross Perot, the wealthy successor, Mr. Buckley, was kid-Texan, contributed \$300,000 to the napped in 1984. hostage rescue efforts. Most of the

According to present and former administration officials, the DEA Peter Kilburn, an American hos-seph R. Davis, were not told about



Sheikh Fadlallah urging the release of hostages in Lebanon.

# **Guerrillas Assault Units** In Israeli 'Security Zone'

SIDON, Lebanon - Shiite Moslem guerrillas Sunday attacked baby were reported killed in the

Pro-Iranian guerrillas of the Islamic Resistance Front said it was their biggest raid inside Israel's self-declared security zone, an irregularly shaped strip that stretches from the Mediterranean east to the foothills of Mount Hermon. Lebanese police said eight mem-

bers of the South Lebanon Army militia died, four were missing and one was captured by the guerrillas. A six-month-old baby was killed and 20 civilians were wounded

when Israeli helicopters and artillery fired on nearby villages in retaliation for the guerrilla attack. they said.

Israeli security sources said eight guerrillas died, while 10 militia

in the clashes. In Beirut, a newspaper with links

pro-Israeli militia posts in south to a leading Shiite Moslem clergy-Lebanon. Sixteen fighters and a man, said Sunday it expected an end to the foreign hostage crisis in Lebanon. The Al-Shams newspaper

quoted a source involved in the hostage situation as saying the clergyman, Sheikh Mohammed Hussein Fadlallah, "is working to give the hostages' issue an end agreeable to all parties. "We expect an end to this issue,"

the newspaper said, adding that an announcement would be made in about two weeks.

Sheikh Fadlallah called Saturday for the release of all "innocent hostages in Lebanon.

He has great influence among pro-Iranian Shiite groups, which are believed to hold some of the 28

Prince Sultan bin Abdul Aziz,

this week. The top contenders for the bid

Other contenders include sub-

# Saudis, Seeking First Submarines, Are Likely to Buy British or French

Saudi requirements.

French Agosta, which is still in the

By Warren Getler

LONDON - As military tension in the Gulf rises, Saudi Arabia is nearing a decision on its first purchase of submarines, from French or British manufacturers. according to Middle East and industry sources.

The purchase by the Saudis of six to eight advanced diesel-powered submarines would introduce a new strategic dimension into the Gulf. the Arabian Sea and the Red Sea. Delivery of the vessels would take at least three to four years.

Estimates on the value of the contract range from \$3 billion to \$5 billion. The contract includes training servicing and the construction of submarine ports at two Saudi naval bases, at Jubail, in the Gulf. about 25 miles (about 40 kilometers) from Bahrain, and at Yanbu. on the Red Sea.

Saudi Arabia is determined to acquire deep-water capable submarines that are equipped with advanced conventional missiles and that can be used for both surveillance and against surface ships. The Saudis have already ac-

quired a stock of advanced Harpoon missiles, built by McDonnell Douglas Co. of the United States. and are expected to outfit the sub-

None of the Gulf nations is believed to be operating submarines in the region, although Iraq is understood to have purchased Romeo-class submarines, modeled after an antiquated Soviet variety,

Israeli diplomatic sources said they would regard the introduction of Saudi-operated submarines in the Red Sea with concern."

the Saudi minister of defense, said recently in Rivadh that King Fahd would announce a final decision on the submarine contract after the conclusion of Ramadan, the Islamic holiday, which ended Thursday. The decision to award the contract has been repeatedly postponed. The prince is expected to be in Paris on business sometime later

are a French consortium, headed by Direction de Construction Navales and Thomson CSF. and Vickers Shipbuilding and Engineering PLC of Britain.

marine builders in West Germany.
Sweden. Italy and Holland. The
Rotterdam Dockyard Co... or
Rotterdam Dockyard Co... or
Rotterdam Dockyard Co... or
Rotterdam Dockyard Co... or
Rotterdam Dockyard Co... or RDM, is considered by industry in Saudi Arabia, "Offset" investsources to be a dark-horse contend- ment was a condition of the Saudis' er if the Saudis find it politically contract to buy £5 billion (\$3.1 bildifficult to chose between French lion) of Tornado fighters from Britor British submarines. The Dutch ain in 1985. vessels are believed to be advanced

Bidding by the French consorenough to be capable of meeting tium is being abetted by a strong push from Prime Minister Jacques Chirac to secure the contract, in-The British bid, centered on the Type 2400 diesel-electric subma- dustry sources said. Another factor rine that is being built for the Brit- in France's favor, they said, is the ish Navy, is said to have a marked earlier sale by France of frigates to technical advantage over the the Saudi Navy.

Moreover, following the £5 billion military purchase from Britdesign stage. Iion military purchase from Brit-The British vessel is known to be ain, the Saudis may chose to diverexceptionally quiet, an important sify the sources of their subsequent feature in the shallow Gulf waters. major military purchases from One factor that may have weak- abroad.

# Many Marks of Distinction, All Made in Record Time

BRUSSELS - Despite the rain, the Belgian town of Pepinster has set a world record for world records. Pepinster, with a population of about 5,000, finished its "Week of Records on Sunday as participants notched more than 30 new records in such endeavors as jumping rope, playing dice and assem-

bling fire hoses. If the new marks are approved by the Guinness Book of Records, as expected, Pepinster will have overtaken Aubigny, France, which last year set 28 records at its annual festival.

The event in Belgium got rained on. Luc van Lierde, who wanted to pull a 10-ton truck for 1,312 feet

400 meters), abandoned his effort after 65 feet because he kept slipping on the wet pavement. But there were plenty of record successes

Claude Rulmont jumped rope for 13 hours and 40 minutes; a middle-aged couple played a game of dice, called 421, for 24 consecu-

Three firemen screwed together enough fire hoses to form one of 19,230 feet. A world record, of course. It was fortunate that the firemen had brought a couple of ladders About 20 people who clambered into the seat of the world's largest

beach chair, erected in the town square, had to be evacuated by the firemen when the three-story structure started to buckle. After the 20 people were safely on ground, the giant beach chair was folded up and put away.

# Fawn Hall Visiting Paris

PAR'S - Fawn Hall, Colonel Oliver L. North's former secretary, has dropped out of sight in Washington, D.C., for the last couple of weeks and has been sightseeing in Europe, mostly in Italy and France, with a female friend.

Encountered Sunday on the Left Bank with her friend, Ms. Hall declined to comment on the Iran-contra hearings, including the date on which she expects to be called to testify. "That stuff comes from my lawyer," she said, "but all of this will

come out soon." Ms. Hall said that she has been in Europe sightseeing. "It was a lot more fun that being in Washington."

She has told a federal grand jury that she shredded National Security Council documents at Colonel North's request just before U.S. Justice Department investigators came to review his files. Colonel North is a former National Security Council aide.

# ALLIES: Reluctance on Gulf Aid

(Continued from Page 1) could provide ships, air cover or

military facilities. He pointed out that the European allies received a third of their oil from the Gulf region, compared with only about 6 percent for the United States. He said that made

the area their responsibility as well. "We are not marines," said Italy's acting prime minister, Amin-tore Fanfani, when asked about the

request during a visit to Canada. Only the Netherlands gave a positive public reaction. But that country said it would act only if the

Thatcher said that Britain had re- Sources at the West German dethe United States in the Gulf.

would consider cooperating if those proposals are put to us." The United States also approached France through\_diplomatie channels, but the French

have not made a public response. With the exception of the aborted peacekeeping mission in Beirut after Israel's 1982 invasion, France traditionally has been reluctant to act jointly with the United States for fear of compromising its indedence or being linked with poli-

Japan, which gets two-thirds of its oil from the Gulf, has ruled out Georgia, chairman of the Senate cooperating in any military deploy. Armed Services Committee, has candidates to succeed Mr. M'Bow

said that Bonn also faces constitu-

ceived no specific request to assist fense and foreign ministries have frigates such as the Stark are too "But, of course," she said, "we tional restrictions.

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# Iran Warning

**GULF:** 

(Continued from Page 1)

president on Friday that the administration should commit itself to a long-term U.S. military presence in the Gulf to strengthen relations with the Arab world, sources

Mr. Reagan agreed with Admiral Crowe on both counts, according to Pentagon officials, and also approved the Joint Chiefs' recom-mendation to increase the Middle East Force in the Gulf to nine ships from six. The increase will include a cruiser, which would move in and threatening aircraft.

The nuclear-powered cruiser Virginia may soon sail for the Gulf to share duty with another cruiser equipped with a sophisticated anti- for a successor to Amadou Mahtar aircraft system, military sources M'Bow, the director-general of the

Pentagon officials said that an aircraft carrier would remain outside the Strait of Hormuz but close enough to provide air cover on ocattacked.

Prime Minister Margaret three of its tankers this year.

The despite attacks against criticized the navy for not deploy—when his second term of office expires at the end of this year are natcher said that Britain had re-Mr. Nunn argued that patrol

small and vulnerable to handle the threat posed by modern anti-ship missiles possessed by Iraq and

Thirty-seven crewmen were killed and the Stark was disabled by two Exocet missiles fired by an Iraqi F-1 fighter bomber.

Admiral Crowe told the planes providing protective cover. The joint chiefs - the heads of

the army, air force, navy and Marine Corps - are less concerned about escorting Kuwaiti tankers than they are about long-term entanglements in the region, according to Pentagon officials. Admiral Crowe is most worried, they said, that the Reagan adminis-tration will cut its losses and with-

draw from the Gulf if the U.S. convoys draw fire, creating another image of "cut and run," as was the case when the Marines were withdrawn from Lebanon in 1984. Mr. Reagan has directed the National Security Council to study

various plans for retaliatory action

over the next several days. Naval experts said that if retaliatory action were carried out by carrier aircraft, at least two carriers would have to be deployed near the entrance of the Gulf. But unless an attack on U.S. shipping is made, Pentagon officials said, the plan is to have only one carrier stationed outside the entrance to the Gulf.

# Leading Candidates Are Emerging out of the Gulf, providing extra firepower and radar to watch for In Search for a New UNESCO Chief

By Paul Lewis New York Times Service

PARIS - The search has begun United Nations Educational, Scientific and Cultural Organization.

The United States, Britain and Singapore have left the agency, complaining of what they call bad casion and the capability for retal-iatory bombing if U.S. ships are liticization of UNESCO's activities under the leadership of Mr. M'Bow, a Senegalese.

> The names of about 20 possible being discussed informally by the agency's 50-member governing executive board at its regular liveweek meeting in Paris.

> An informal consensus is emergthe next director-general should come from Asia if a suitable candidate can be found. No Asian has ever held the post.

Some board members say Pakident that the joint chiefs believed stan's foreign minister, Sahabzada the escort of Kuwaiti tankers could Yaqub Khan, and the Philippine be done safely without U.S. fighter ambassador to Belgium, Rosario

Manalo, who have been put forward by their governments, are Machado, the Portuguese educaprobably the best placed candidates in a crowded field.

UNESCO say they believe Mr. M'Bow still hopes a majority of Soedjat Moko of Indonesia, a formember nations will ask him to mer rector of the United Nations serve a third term because they cannot agree on anyone else.

On June 1, the chairman of the executive board, Ivo Margan of Yugoslavia, is due to send a confidential letter to UNESCO's more than 100 member nations, listing the official candidates whose names have been put forward by dates, several other possible names

This list has little significance, however, because individual executive board members remain free to suggest additional candidates up to the moment when the board votes ing among the board members that on the next director-general at its regular fall meeting in October.

ber nations at the next UNESCO derico Mayor Zaragoza, a Spanish General Conference in November. biologist, and Abdous Salam, a Other known official candidates, Nobel Prize-wining Pakistani phys-

who have been put forward by their icist who lives in Italy.

member of the Bulgarian Academy Many officials involved in of Sciences and chairman of the INESCO say they believe Mr. last UNESCO general conference: University in Tokyo; Mr. Margan of Yugoslavia; Alfónso Barrera Valverde, a former foreign minister of Ecuador; Abdul Mejid-Khan, Bangladesh's ambassador in Paris, and Thailand's education minister. Winchineharon.

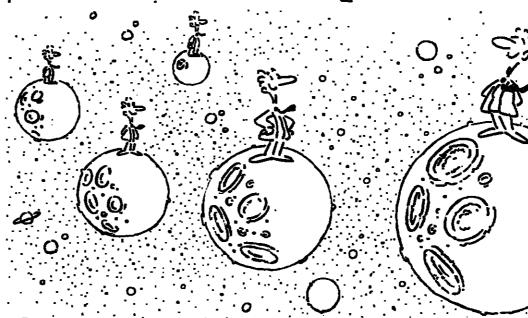
In addition to the official candi-

Aga Khan, the former UN high commissioner for refugees; Kalevi Sorsa, the Finnish foreign minister; Enrique Iglesias, the Uruguayan foreign minister; Butros Butros The board's nominee, chosen by majority vote, must then be approved by a majority of the memproved by a majority of the memp

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# Herald Tribune

# Let Them Wear Hats

Industrial chemicals are eating away at the high ozone layer that shields life from the sun's harmful ultraviolet rays. To most people the solution is obvious: cut production of those chemicals and find alternatives. Not to Donald Hodel, the U.S. secretary of the interior, and William Graham, President Reagan's science adviser. They object to the State Department's efforts to negotiate an international production freeze. If ultraviolet radiation increases, says Mr. Hodel, people could wear more sunglasses, hats and suntan lotion.

Like Marie Antoinette advising breadless French peasants to eat cake, these two men come at the facts from an odd perspective. Ultraviolet light does not just cause a

pleasant tan. Larger amounts may induce skin cancer and melanoma, Mr. Hodel pooh-poohs that inconvenience: "People who don't stand out in the sun - it doesn't affect them," he says. But the secretary seems to have forgotten about animals. Will the cows be decked out in Vuarnets and sun hats, or be trained to graze at night?

Mr. Hodel and Mr. Graham believe that there is no hard evidence for the thousands of extra skin cancer cases predicted by the Environmental Protection Agency, and that the EPA ignores likely changes in behavior and technology. They are right, but it makes little difference. The risk of greatly increasing the planet's ultraviolet exposure, to safeguard chemicals for which easy alternatives are within reach, is not worth running.

The ozone issue has been debated for 13 years, and broad agreement has now been reached that the threat is serious. even though many uncertainties remain. If the delicate ozone veil should be damaged seriously, the food chains of both land and ocean could be disrupted and all life on Earth would be at risk. The computer models that project the threat are uncertain, of course, but biologists have no doubt that the effect is real.

The United States has led the world in identifying the danger and taking steps to avert it. The threat to the ozone layer comes from chlorofluorocarbons, the unusually long-lived chemicals used as refrigerants, in auto air-conditioning and to make plastic foam. There is no major obstacle to finding suitable alternatives. DuPont, the world's largest maker of chlorofluorocarbons, says it could economically produce safe and effec-tive substitutes within five years.

After months of deft negotiation, the State Department pulled off a diplomatic triumph last month in persuading recalcitrant Europeans to reduce production by 20 percent. The next step was to secure agreement on a 50 percent reduction.

That is the point at which Mr. Hodel and Mr. Graham have chosen to intervene, seeking to undermine the State Department's position. Their meddling threatens to force the United States from a widely admired position of leadership into humiliating retreat. If agreement cannot be reached even on so clear-cut a danger as the ozone threat, there is even less hope of international action against acid rain and the feared global warming of the atmo-

sphere, known as the greenhouse effect.

The secretary of the interior, charged with conserving the natural environment, and the president's science adviser, who is meant to understand it, should be educating their colleagues - not leading the plunge into sunlit darkness.

# Reappoint Paul Volcker

President Reagan faces a critical choice for budget deficit. They opposed his reappoint chairman of the Federal Reserve Board when Paul Volcker's second term expires in August. The smartest move would be to stick with the chairman he already has -- and do it now. Mr. Volcker takes needed stands on unpopular issues, sticks by them and takes the heat that timid politicians fear.

Mr. Volcker's commanding intellect and commitment to sound policy have earned him respect throughout the worlds of Finance and politics. He has served with distinction for eight years in extraordinary times.

Mr. Reagan inherited the chairman from President Carter, who appointed him in 1979 when he needed a strong presence at the Fed to restore confidence in the dollar. Reagan lovalists at the Treasury distrusted him indeed, blamed his crackdown on inflation for thwarting their supply-side growth plans. Nor were they happy with his criticism of the - THE NEW YORK TIMES.

ment in 1983. But new troubles percolated

and Mr. Reagan sensibly kept him on. Now troubles threaten again. Would fail-ure to reappoint Mr. Volcker shatter confidence in American authority and the dollar? Is he the only person who commands enough respect for nervous times? It is impossible to say. Among other names talked about, Alan Greenspan, former chairman of the Council of Economic Advisers, is highly qualified, and Mannel Johnson, the Fed's vice chair-man, has established a good if not command-ing reputation. Beryl Sprinkel, current chairman of the council, is a favorite among

Reagan loyalists but lacks stature. Mr. Volcker has no magic solutions, just balance and courage. He deserves reappointment, and, if the president wants to reassure

the financial world, the sooner the better. - THE NEW YORK TIMES.

# **A Question of Immunity**

With extraordinarily bad timing, Whitney North Seymour Jr., the special prosecutor, has precipitated an international flap that has ramifications far beyond Washington's Embassy Row. In pursuing his case against the former White House aide Michael Deaver, Mr. Seymour has attempted to subwife and force both to testify in court. It is so clear, on the basis of longstanding international practice and the specific terms of the Vienna Convention of 1961, that ambassadors are protected by diplomatic immunity from such process that legal experts have expressed astonishment at the tactic. The State Department, mindful of the status of American diplomats abroad, went to court immediately on behalf of the Canadians.

This dispute is particularly unwelcome now because it complicates the debate on the whole concept of special prosecutors, or independent counsels. Mr. Seymour has been appointed by a special panel of three federal judges to look into charges involving Mr. Deaver. Under the provisions of a 1978 law, he is to conduct the investigation and proceed with prosecution independently, and the Justice Department has no control over what he does or how he does it. The constitutionality of that law is now being contested in court by Mr. Deaver and, in a separate action, by Lieutenant Colonel Oliver North. In addition, the law itself will expire early next year, and Con-

to extend it, amend it or make it permanent. At the center of the debate in court and Congress is the idea of transferring tremendous prosecutorial power to an individual who is responsible to no one else in government. Is this constitutional? Is it wise? Is it alleged wrongdoers in high government of-fice? What should be done about an independent counsel who abuses his powers? Should the ethics and conflict-of-interest regulations that apply to all government attorneys be imposed on special prosecutors? Does the attorney general have enough discretion or too much — in deciding whether to initi-ate an appointment? These important questions, which have been festering for years, are no longer academic because investigations are now leading to prosecutions.

Now, in spite of overwhelming legal opinion and State Department advice, Mr. Seymour has attempted to do what no other federal prosecutor would do, by proceeding against an ambassador who has diplomatic immunity. In taking this course he has provoked a whole new set of questions about the powers and responsibilities of his office. He would be wise to concede that the subpoena was a bad idea and let judges and legislators consider the law without worrying about its peripheral effect on treaties and international obligations.

— THE WASHINGTON POST

#### Other Comment

## The Hands Over Soviet Ears

For the first time since 1980, the Soviet

Union has stopped jamming Voice of America broadcasts in Russian and eight other Soviet languages. It is a welcome move. But what the Kremlin offered with one hand it took away with the other: Two jamming transmitters previously used against the Voice are now being employed in intensified efforts to jam programs from two other U.S. overseas broadcasting services.

English-language broadcasts by VOA, the British Broadcasting Corp. and other foreign information services have generally been let alone. For years, however, the Soviet government has carried on a massive, off-and-on effort to blot out foreign broadcasts in the major languages spoken by Soviet ethnic groups - and this despite the Soviet Union's signature on the 1975

Helsinki accord banning such interference. British experts estimate that jamming costs Moscow \$1.2 billion a year — more than all Western governments combined spend to broadcast the programs. When jamming eases in one direction, it is usually intensified in another.

In keeping with the trend, two jamming transmitters previously targeted on the Voice were quickly put to work intensifying the jamming of Radio Liberty and Radio Free Europe, which specialize in broadcasting news of developments within the Soviet Union and Eastern Europe in competition with the controlled Soviet media.

Maybe, in time, jamming of Radio Liberty and Radio Free Europe will be halted, too. As of now, however, the definition of news that can be entrusted to Soviet citizens will continue to be made solely by the Kremlin.

- The Los Angeles Times.

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# **Iraq Deserves** U.S. Support — At Least for Now

By Daniel Pines

PHILADELPHIA — Both combatants in the Gulf war have now had a chance to slam the United States. After Iranian officials spun the armsfor-hostages trap, Iraqis proceeded to bomb a U.S. Navy frigute. But for all the drama of these episodes, neither one alters fundamental U.S. interests in the Gulf. Nor do they affect the basic thrust of American policy, which should be to help Iraq.

Many Americans wish a plague on both Iraq and Iran, and with reason. Baghdad started the war, Tehran continues it. The one uses chemical weapons, the other sends teen-agers to their suicide deaths. Domestically, Baghdad is harsh, Tehran fanatical. Still, a cool assessment of U.S. interests reveals that the two states are not equal. To see why, consider these premises of American foreign policy:

consider these premises of American foreign policy:
First; Help resist a revolutionary state. Revolutionary regimes usually torment their citizens and attack their neighbors. They also portray the United States as the prime enemy. The Baghdad regime was once revolutionary; it sought to dominate the Arabs, lead the fight against Israel and challenge America.

But much has changed of late. Having learned something from the folly of starting the war, Iraqi leaders seem less likely to harbor aggressive ambitions. Indeed, Iraqi interests and policies now

tions. Indeed, Iraqi interests and policies now roughly parallel the West's. Iraq today defends those Arab states of the Middle East, such as Jordan and Egypt, that are most threatened by Iran's radical fundamentalism, most friendly to the United States and most open to negotiations with Israel.

Iran, too, has changed, and much for the worse. Its 70-year history of good relations with the United States is over. Ayatollah Ruhollah Khomeini sees American culture as the main impediment to building a fundamentalist Islamic society. He hates America. Accordingly, Iran endangers oil shipments from the Gulf, jeopardizes pro-American states throughout the Middle East and threatens to upset

P ARIS—The paradox of Europe these days is that it invented science and is spending twice as

much on research and development

as Japan, but it is still lagging in the high-technology race to the future.

No doubt its leaders have made

mogress toward economic integra-

tion, but they would rather be sepa-

rate than successful. The European

Parliament is little more than a sym-

bol, national self-interest still domi-

nates the European Community, and

25 years after the Treaty of Rome,

Jean Monnet's dream of a United

States of Europe is rarely mentioned.

This is not because Western En-

rope does not have the human and

high-tech resources to compete with the United States, Japan and the

Soviet Union, but because it is not

thinking on the scale of the world, let

alone the Continent, and it is export-

It is intellectually aware of the new

world economy. It writes better

monographs on the subject than any-body else, but its practical efforts are

fragmented and duplicated, often

without any link-up with industry.

abroad but at home. Its politicians

ONDON — Neil Kinnock is a

charmer. In its 45-year-old lead-

election in decades. He can talk won-

derfully. He comes across as quick,

sympathetic, engaging.
His personal qualities have domi-

nated the Labor campaign. The par-ty's opening television broadcast was

bout Neil Kinnock and his family;

That was extraordinary in a coun-

va member of Parliament, not for a

try where people vote only for their

national ticket. And it seemed to

work: in the early polls Labor looked

to be a serious challenger.
But policy has now caught up with

personality. Mr. Kinnock is trapped

in a debilitating argument about his defense policies: nuclear weapons,

the Soviet threat, the relationship with the United States. And those

issues can be a disaster for Labor.

It all began last weekend, in a tele-

vision interview. Mr. Kinnock, dis-

cussing the need for a nuclear deter-

the word on the screen at the end was

not "Labor" but "Kinnock."

In short, the critical gap is not

ing its brains and its inventions



the Arab-Israel balance. Clearly, U.S. interests now lie more with Iraq and its allies, including Kuwait. Second: Help fight an aggressor. In 1980, when Iraq threatened Iran, U.S. interests lay at least partly with Iran. But Iraq has been on the defensive since the summer of 1982, and Washington. now belongs firmly on its side. This is not to say that an Iraqi victory would serve U.S. interests; it would open the way for a Soviet advance into Iran. But Iraq is nowhere near victory. Should Iraq again take the offensive, an unlikely but not impos-sible change, the United States should switch again

and consider giving assistance to Iran. Third: Promote regional balance. In the long term, the Gulf will stabilize only if Iraq and Iran have roughly equal strength. The United States should do what it can to assure that Iraq survives as a counter to Iran. Ideally, this means a return to the status quo ante. At minimum, it means the survival of an independent government in Baghdad.

Has Europe, the Crippled Genius, Given Up on Itself?

difficult in a continent with so many

different languages, histories and popular assumptions of superiority,

but the problem remains.

It is perhaps illustrated best by the unemployment rates. In 1975, Europe had 8 million registered unemployed. Last year, the number was more than 19 million, 44 per-

cent of them from age 15 to 24.

This may give the false impression

that "Europessimism" is rampant. The problem is that Europe is not

keeping pace with the leaders, as it could if its many strengths — lu-

man, cuitoral and economic - were

unified. Many of its inventions are

being developed more efficiently by

its competitors. Many of its best minds are leaving for greater free-

dom and opportunity in America.
In a way, Western Europe, with its remarkable resources, is a crip-

pled genrus, divided by history, satisfied by its success and suffering

not from poverty but from a pover-

ty of desire. "Eureka!" it cries, "I have lost it."

The question is whether, in the

He would not, Mr. Kinnock said,

because that would lead to "nuclear

obliteration." He said it was "not a

romantic but a scientific point.

There was an air of unreality about

the whole series of questions. Just

about no one thinks a Soviet invasion

of Britain is likely. The scenario of American nuclear strikes on Western

Europe in order to save it is at the

far edge of believability.
But the questions touched on some-

thing that matters deeply, in the strategy of nations and in the reality of

Prime Minister Margaret Thatcher understood that perfectly when, a

few minutes later, questioners at her press conference told her what Mr.

ble? "I seem to remember that in 1940 it was," Mrs. Thatcher said. "Of course there is and will contin-

An occupation not militarily feasi-

Kinnock had said.

politics. That is nuclear deterrence.

Europe would be a terminal act."

century, it really wants

but the problem remains.

By James Reston

than its total performance, and de-

spite considerable success in impor-

tant sectors such as nuclear energy,

biotechnology, computers, aerospace

and some aspects of information

technology, most observers here con-

code that it is lagging behind its ma-

died eight years ago at the age of 90.
"Many persons believe," he said,

that in view of Europe's greater prosperity today, limited coopera-tion between the European nations is enough. I think this shows a pro-

"Our own rate of progress should not blind us to the fact that the rate

of progress in the United States and

in the Soviet Union is still far great-

er. The reason is not that they are

more inventive or hardworking than

Europeans, It is that desoite the

differences of their regimes, they are

both developing their economies on

Another French critic of this hap-

hazard European groping, Paul Va-

lery, suggested that there would

The sum of its parts is far greater league of minds. No doubt this is world, or whether it will become

er, the Labor Party has the most at occupy Western Europe, or certainly asked, would be call on the United tractive personality to take it into an to occupy the United Kingdom, States to use nuclear weapons?

would be utterly untenable, and any

potential force know that very well."

From those rather muddy words the

press and political critics drew the idea

that Mr. Kinnock foresaw British

guerrillas making life unbearable for

Soviet occupiers. David Owen of the centrist Alliance — the partnership of

the Liberal Party and the Social Dem-

ocratic Party — cracked: "When you've accepted occupation, there's

not much need for a defense policy."

from Labor's daily press conference in

London, touring the provinces in-stead Finally, Thursday, he appeared.

He made a statement about economic

policy — and got a deluge of questions about defense. What did he mean by

saying occupation would be "untena-ble"? He replied that a Soviet effort to dominate the free countries of West-

em Europe would be "a militarily

completely unfeasible proposition."

If Britain were threatened with So-

rent, said: "Of course any effort to viet "nuclear blackmail," he was

Mr. Kinnock has been staying away

be a European League of Na-

are not keeping up with its scientists. tions until Europe developed a regain a paramount position in the ropeans might do the same.

By Anthony Lewis

a continental scale."

Monnet foresaw this before he

jor industrial competitors.

found misunderstanding.

Fourth: Promote peace. Americans should never wish that a war continue indefinitely, regardless of how distasteful the regimes involved, no matter how attractive the war's short-term benefits. In the Gulf, the United States can encourage a settlement by indicating to Iran that it cannot win - and, therefore, that it should negotiate an end to hostilities.

There is a precedent for support for Iraq: American cooperation with the Soviet Union in World War II. Franklin Roosevelt saw Hitler as even worse than Stalin; further, the Germans seemed likely to defeat the Russians. Working with the Communists in Moscow was distasteful but temporarily necessary and, in retrospect, absolutely correct. Along similar lines, the United States should take steps to bolster Iraq's defenses.

The writer is director of the Foreign Policy Research Institute and editor of its journal, Orbis. He contributed this comment to The New York Times.

cally, a small peninsula on the tip of the Eurasian land mass, dependent,

Monnet probably would call this

He saw history as a series of ever

too harsh. "You have to be patient,"

he would say. "You have to mend

expanding units - from the village

to the region, from the region to the

nation-state and from the nation-

state to the integration of conti-

nents — a long slow progress often

Thus, the independence of Ameri-

ca through war, the abolition of slav-

ery in America through civil strife,

the rejuvenation of the U.S. economy

through the Depression, and the rec-onciliation of France and Germany

It all recalls to an American visitor the fierce divisions and squabbles between the independent American

states in the 18th century. But 200

years ago this summer, at the consti-

tutional convention in Philadelphia

they formed "a more perfect union."

Monnet if he were still around

probably would predict that one day

made themselves vulnerable.

Labor has called for Britain to give

the nuclear issues, as his party mani-

principle for him, one that he will not

compromise. The British public, most of it, does not like nuclear weapons

either. But it accepts that they are a

reality, a menace to be reduced only

by negotiation. So the more the Kin-

nock position becomes an issue, the

more likely it is to be a loser.

U.S. nuclear ambrella.

after two terrible world wars.

comfortable and complacent.

before you can construct."

achieved by disasters.

# Hastening Strangely To Forgive

By Jim Hoagland

BAGHDAD — Lingering guilt over its demented firstation with Iran has pushed the Reagan administration into hastily letting Iraq off the book in the attack on the USS Stark. We should pause and consider more thoroughly whether it was indeed an accident or the perfect crime.

There is no discernible rational motive, and the Iraqis control access to the key testimony from the pilot(s). An elaborately obscure plot is con-ctivable to the Machiavellian-minded or even to Agatha Christie fans. No such doubts have been allowed to hang over the U.S. Embassy here,

however. President Saddam Hussein's apology was quickly and profusely accepted as genuine and sufficient unto the day.

Ambassador David Newton went

on American television to praise the tragis for their cooperation and indirectly to plead that the fragile diplomatic flower that has taken root in Baghdad's barsh soil not be killed off now. Mr. Newton resembled Saint-Exupery's Little Prince placing a pro-

tective globe over a coughing rose.

Protecting the relationship so labomously restored by Washington's Arabists and Baghdad's Americanists against strong political opposition in both capitals is part of Ambassador Newton's job, of course.

As his American counterparts in the Soviet Union and Paraguay remind us constantly, diplomats are not in the business of conferring moral approval on governments or leaders.

And it is difficult to imagine a

harder job than being the American ambassador in Iraq right now. Per-haps defending Klaus Barbie mea-sures up. Or being John McEnroe's public relations adviser.

But it has been jarring to be in Baghdad after the attack on the Stark and to hear U.S. diplomats repeatedly making allowances for a system that continues to impose itself through fear and brutalization.

The unconscious reflex by the embassy to wish the Stark problem away and to defer meekly to the lid of secrecy that Saddam Hussein personally imposed on the Stark investigation also tells us a great deal, I believe, about the near bankruptcy of the Arabist policy-making establish-ment in Washington today. It is an establishment consumed by

a self-defeating relativism. Because he is less fierce than he used to be. and because he has wrapped his brutal reign in a modernism that contrasts with the stifling theocracies that prevail elsewhere in the Gulf, Mr. Hussein is now praised by U.S. diplomats as pragmatic. America's other friends in this part of the world

are even worse, it is suggested.

The matter of diplomacy in this region "is often not being forced into making unpleasant choices," one Ar-abist here explained to me.

"Prasmatic" has in fact become Mr. Hussein. It replaces "ruthless," the U.S. standby in the days when political rivals were hung from the lampposts in the city square and Mr. Hussein openly challenged America's pretensions in the Middle East.

The Nuclear Issue Is Giving Kinnock a Loser's Look The Iraqi president, who began his political career as a teen-age gun-man and who narrowly missed assasue to be a Soviet threat," she added.

sinating one of his predecessors, has unquestionably mellowed as he enters his 50th year.

A defeated rival gets enforced ob-If you are a responsible person, you do not rely on hopes for the defense of your country. What deters attack is nuclear weapons."

Mrs. Thatcher's words were point
Iraqi troops have cut back on the ed. But unfair as it may have been to amount of chemical weapons they are

use the symbol of Britain standing alone against the Nazis in 1940, Mr. Hussein is moving Iraq away from Kinnock and his party really have the rigid socialism and pan-Arabism he championed in his youth. But Mr. Hussein has not mellowed up its own nuclear missiles and close enough to merit solicitous treatment U.S. bases. It says President Reagan from the United States, the Iran-conand Mikhail Gorbachev are moving tra affair notwithstanding. In a socitoward reduction of nuclear weapons ety that has little respect for such

in Europe. True. But into the foresee solicitousness, Americans have able funne such weapons will exist, looked faintly ridiculous in applaudand the Soviet Union will have them ing so vigorously an apology for an Mr. Kinnock might have fudged attack on their own ship. The flavor of Iraq's new "pragmafesto has smoothed out so many of tism" comes through in Revolution-Labor's old ideological commit-ary Command Council Decision 840,

ments. He could have said that Mr. dated Nov. 4, 1986, which imposes Reagan was on course for an arms life imprisonment and confiscation agreement. Britain should support of assets on "anyone who insults that and in the meantime stay on by any onen means the president of ust and in the meantime stay on by any open means the president of the republic, the Revolutionary Comhold itself. His own shadow foreign the republic, the Revolutionary Comminister. Denis Healey, says that Britain must continue to rely on the cialist Party, the National Assembly or the government. The punishment But Mr. Kinnock does not accept will be execution if the insult was the idea of deterrence. It is an issue of flagrant in public."

It is a record of a regime America may have to stomach in order to do iness in an important part of the Gulf. It is not a regime to which the U.S. government owes every benefit of the doubt or which it should rush to praise after 37 American sailors died needlessly at the hands of its military.

The Washington Post.

# Who Are These Would-Be Presidents?

By David S. Broder director of the Citizens for Limited Taxation, keeps a file of stories in which out-of-state reporters (including this one) have in her view Democratic presidential nomination.

Ms. Anderson is hardly an unprej-udiced source. She and her populistconscrvative organization have pressured Mr. Dukakis and the Democratic legislature constantly and fought them often. But she is a smart, informed citizen-politician, and the night to spend time with his children. factual errors and glossy exaggerations she can point to in any number of stories on Mr. Dukakis cannot be smissed out of hand.

"I know enough to distrust much of said recently. "But it's made me won-der whether I can trust what they say about any of the other candidates. Ms. Anderson's comment highlights

one of the main challenges facing the American media. In a year, the list of almost 20 men seeking the Republican and Democratic nominations for president will have been pared to two son and Jesse Jackson that prepare names. Today, most of the contenders them for leaping into public office at are little-known to the voters who will the top. But the same question applies be making critical choices in primaries to a former House member named and caucuses. The quality of the infor- George Bush, who has been "a heart-

mine the quality of those choices.

Ms. Anderson, for example, is atmisreported or misinterpreted the re-cord of Governor Michael Dukakis tracted by what she has heard about of Massachusetts, a contender for the Senator Joseph Biden, Democrat of

Delaware, but she readily admits she has not heard that much. When Mr. Biden announces his candidacy, I guarantee you that TV and print stories will all make the point that he has commuted home from the Senate to Wilmington, Delaware, almost every That is a fine habit, but one of dubious relevance. The one thing we

know about the presidency is that the office is in the house; the willingness to commute to work is not a prime what I've read about Dukakis" she requirement. What the voters need to know is what Mr. Biden has done on the Judiciary and Foreign Relations committees that sheds light on the kind of president he would be.

They need to know what sort of House members Jack Kemp and Dick Gephardt have been, and what there may be in the ministries of Pat Robertbeat away" these last six and a half years. Just what exactly has he been doing since he became vice presi Senate reporters for networks, lead-

ing newspapers and newsmagazines know quite a lot about the records and reputations of Mr. Biden, Senator Bob Dole, former Senstor Paul Laxalt Senator Albert Gore and Senator Paul Simon, just as reporters in Phoenix and Wilmington know a great deal about the work of former governors Bruce Babbitt and Pete du Pont. But there is a reloctance to under-

take serious appraisals of their work -- cither because news organizations think viewers and readers would be bored or because journalists are nervous about saying what the people who know them and have worked most closely with them think of the contenders. Either way is a cop-out.

Politicians play at different "levels of the game," to borrow John McPhee's phrase about Bill Bradley, the basketball player turned politician. And voters need stories that help them understand that. Each of the presidential contenders has impressive credentials. But the public needs to be able to discriminate between them, to define the special gifts strangers who would be president.

#### The New York Times.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Italy and the War 1937: In Spanish Waters ROME - The idea of a conference of BERLIN - At least 19 persons were

the European Powers to put a stop to the Italo-Turkish war does not meet with favor in Italian public opinion. In political circles here, the conquest of Libya has always been looked upon as terests, and the prospect of a conference which might raise the entire Near Eastern question and give rise to the territorial aggrandingneot of other countries arouses distrust. Up to now, the Powers have been unwilling to acknowledge Italy's success, despite Ottoman Empire. The proclamation of Italian sovereignty over Libya has assumed the importance of a fundamental question of national interest, and shortcomings of each of these and Italy will only consent to go to a conference if she is assured that her The Washington Past. point of view will be accepted.

killed and more than 50 others wounded when the German battleship Admiral Schoor poured 200 shells from its Il-inch guns into what is described here as the Bolshevist fortified port tardy compensation due to Italian in- of Almeria, on the south coast of Spain. The move [on May 31] was taken under instructions from Berlin to avenge the action of Spanish loyalist airplanes in the bombing of the Deutschland (on May 29]. Another of the Deutschland's sailors has died from his wounds, bringing the number the good results of her war against the of dead resulting from the bombing to 24. The number of wounded is 72. LONDON - Germany and Italy have decided to boycont the Spanish Non-Intervention Committee and to withdraw from the International Naval Patrol of Spanish waters following the bombing of the Dentschland

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# Out of the Blue, a Quick Test of Gorbachev

By Philip Taubman New York Times Service

MOSCOW — The unobstructed flight of a small civilian aircraft across Soviet airspace last week has presented Mikhail S. Gorbachev with perhaps the most delicate test yet of his leadership, Western diplomats said Sunday.

At a time when the Soviet leader faces mounting criticism that his domestic policies are undermining discipline and shortchanging Sovi-et defenses, the unimpeded flight by a 19-year-old. West German pilot to the heart of the capital on cow's highest military authority.

The diplomats said the dismissal by the Politburo on Saturday of Defense Minister Sergei I. Sokolov to deflect responsibility away from criticism. Mr. Gorbachev and the Commurust Party leadership.

The Politburo's actions followed ing more liberal policies, is intent a pattern set in the aftermath of the on making the Soviet system, both moted a number of officials who Chernobyl nuclear accident last the military and civilian sides, work apparently first impressed him dur-

dismissed for negligence, but party countable government and military Union, spent some time with Genauthorities assumed no responsibility for the disaster.

But the plane incident has also given Mr. Gorbachev an opportunity to assert his authority and to make a number of tactical political moves that seem likely to strength- is indifferent to military requireen his hand, according to the diplo-

By swiftly and severely punish-

#### **NEWS ANALYSIS**

Thursday raised questions about Cessna 172 to the perimeter of the testing that have troubled defense Mr. Gorbachev's stewardship as Kremlin, Mr. Gorbachev and the advocates. head of the Defense Council, Mos- Politburo were able to demonstrate decisive leadership and show that they would not tolerate a breakdown of discipline.

and the commander of Soviet air of the military signaled that even of Mr. Gorbachev's inner circle. desense forces, Marshal Alexander the most revered and powerful in-I. koldunov, was carried out in part stitutions would be subject to open

that Mr. Gorbachev, while pursu- by Mr. Gorbachev.

officials who fail.

The Politburo's stern rebuke of the military, accompanied by a re- Foreign Eastern Military District. newed call for enhancing Soviet defenses, also gave Mr. Gorbachev a mander until early this year when chance to counter concerns that he

Since taking office in March 1985, Mr. Gorbachev has pressed the military to hold down growth in defense spending and has pursued a number of foreign policy initiaing the military for allowing Mathi-tives, including an 18-month moraas Rust to fly a single-engine torium on underground nuclear

The sequence of events also provided an excuse to remove Marshal Sokolov, a 75-year old World War II veteran and armored forces spe-The scalding public indictment cialist, who has not been a member T. Yazov, 63, who was the deputy minister of defense for personne In addition, the actions showed appears to have been hand-picked

Mr. Gorbachev, who has proyear. Government officials were more effectively and will hold acing his travels around the Soviet

eral Yazov in July during a visit to Khabarovsk, headquarters of the General Yazov was district comhe was brought to Moscow.

The shift leaves vacant a nonvoting slot on the Politburo held by Marshal Sokolov, which Mr. Gorbachev may use to bring another supporter into the party's top leadership, possibly General Yazov. Western diplomats said that Mr.

Gorbachev had no choice but to deal quickly and firmly with the Rust case because any sign of indecision could have been used against him by opponents who contend he has been soft on defense issues. The diplomats said that the dismissal of Marshal Sokolov and Marshal Koldunov would post-

responsibility for the defense breakdown from reaching Mr. Gorbachev himself. "If you're keeping score, a Western diplomat said Sunday, "I think Gorbachev picked up points over the weekend but the flight may still

pone, but not necessarily prevent.

cost him in the long run." Tass, in an apparent effort to put



Dmitri T. Yazov

the events in a favorable light, took the unusual step Sunday of citing as assessment by Zbigniew Brzezinski, the White House national security adviser in the Carter administration. Mr. Brzezinski's views are usually the target of Tass criticism. Mr. Brzezinski was quoted as saying, "The Soviets have done what the American high command and political leadership has not had the guts to do - namely, fire the top military when there is a signifi-

and was under investigation but

that no specific charges have been

brought against him. He said the embassy had not been told where

Mr. Rust was being confined or by

He was reportedly led away from

Red Square Thursday night by po-

lice, and some reports indicate he

was being questioned by military

what agency.

# Forests of Missiles, 500,000 Guards Didn't Stop Plane on Way to Moscow

By Eric Pace

New York Times Service NEW YORK - The Soviet air have occurred. defense system, which failed to intercept the single-engine Cessna Defense Department report "Sovithat flew from Helsinki to Red et Military Power says that the Square, is enormously extensive. Soviet air defense system includes with forests of missiles, thousands "the world's most extensive early of warplanes and more than warning system." 1,500,000 men and women either deployed or on call.

In recent years, the system has emphasized defense against lowlevel aerial incursions across the long Soviet borders. Some Western analysis have suggested that this emphasis may have made the by Western air forces on low-level llight over Soviet airspace particus larly irritating to the Soviet leader- Soviet Air Defense Command is

flying very near the ground,

Soviet air defenses have sometimes ment the air defense system. A So-

shown deadly effectiveness, but at viet government spokesman said other times embarrassing failures Friday that air traffic had been

banned over Moscow since the 1950s. The three airports that serve the capital are well outside its pesystem came in 1960, when a high-

The importance to the Soviets of defense against anything flying relatively close to the ground is underscored in the 1986 edition of another widely read reference work, the unofficial Defense and Foreign Af-

fairs Handbook. It cites an "increasing emphasis

According to the handbook, the members. estimated to have 550,000 person-Western military experts in Mos-nel in service and more than a milcow and elsewhere have suggested lion reservists. It includes more that the plane, which was piloted than 2,500 interceptor aircraft in by a 19-year-old West German, addition to missiles, and there are managed to dodge Soviet radar by special arrangements for the protection of Moscow and other key

In other incidents that have sites, the handbook said. come to light over the decades, the Restrictions on flights supple-

radio his light aircraft.

at the plane, which was more than 1.000 miles off its Paris-to-Seoul

wounded.

Before the flight of the Cessna on Thursday, perhaps the most dramatic known instance of the Soviet Russian Air Force," he said. Mr. system's failure to intercept a pri-Rust did not say whether the convate aircraft came in 1978. A Soviet tact was simply visual or whether the Soviet pilot had managed to merchant seaman who had defected to Sweden flew into and landed in the Baltic region of the Soviet A Wesi German television Union twice in an attempt to pick up his wife and take her back out spokesman said the original film, acquired from the American NBC with him.

An early postwar triumph of the

iltitude U.S. reconnaissance jet, pi-

More recently, the best-known

loted by Francis Gary Powers, was

display of the system's deadly abili-

ties came in the Far East on Sept. 1.

1983, when Soviet planes intercept-

ed a South Korean Airlines Boeing-

747 jumbo jet that had entered So-

viet airspace. It was shot down,

killing 269 passengers and crew

A similar incident occurred in

1978, when a Soviet jet interceptor

forced a South Korean airliner to

land on a frozen lake 650 miles

north of Moscow after it strayed

into Soviet airspace. Two of the 97

passengers were killed and 16 were

The passengers reported that a

single Soviet interceptor had fired

shot down

She evidently failed to appear for the rendezvous, and the defector segment that was screened Sunday was arrested in Sweden when he returned from his second trip.

The spokesman said the film did On Thursday, a Soviet citizen not appear to show a woman get- also eluded his country's air deting out of Mr. Rust's aircraft, as fense system when he piloted a some reports have asserted.

Mr. Rust's father, Karl-Heinz, tic region of the Soviet Union out. said from the family home in We- of Soviet airspace and over the Baldel, near Hamburg, that the video tic Sea. He ditched the plane in the color film had taken him complete- Baltic near the Swedish island of Gouland and waded ashore.

"Simply fantastic," Mr. Rust The Soviet Union is not the only said of his son's appearance in Red nation where incursions into its airspace have led to incidents and He added that he was especially problems. The United States has happy to see how self-confident been trying to intercept or forestall and carefree his son looked amid flights into its airspace by planes carrying contraband narcotics.

# MOSCOW: Defense Minister Fired

(Continued from Page 1)

ganizing the alert for the protection of the airspace of the country, a lack of due vigilance and discipline. and major dereliction of duty in the guidance of forces by the U.S.S.R. Defense Ministry."

The Tass account also said that Chief Marshal Alexander I. Koldunov. 63, who has headed the air defense forces since 1978, had been

The Soviet leadership accused Marshal Koldunov of "negligence and lack of organization" in connection with the violation of air space, Tass reported, and for "lack of control over the actions of the anti-aircraft delense forces."

The senior military shake-up indicated the extent to which the airplane episode had embarrassed the Soviet leauer, Mikhail S. Gorbachev, who was meeting in East Berlin with Soviet bloc leaders when the reports of the incident surfaced. It also showed his willingness to dismiss the military's highest-ranking officers when mistakes occur.

Tass said the Defense Ministry told the Politburo that Mr. Rust's plane had been detected by radar as it approached the Soviet border. Soviet fighter planes flew twice around the West German plane," Tass said, but apparently did noth-

The leadership, according to Tass, said the air defense forces showed "intolerable unconcern and indecision about cutting short the flight of the violator plane without resorting to combat means."
The report did not make it clear whether that meant shooting the plane down or forcing it down.

Mr. Rust, who buzzed Red Square three times at low altitude after flying over 420 miles (680 kilometers) of Soviet territory in a flight from Helsinki, is being questioned by Soviet authorities, according to the West German Em-

episode and the separate statement on the retirement of Marshal Sokolov were read on the main national evening television news program. The two events were not directly linked in the official reports.

The Politburo statement also did not say that Mr. Rust had landed his single-engine Cessna alongside the Kremlin, which observers said indicated that the leaders were close the aircraft had come to the The Politburo statement on the heart of the power structure.

PILOT: Early Release Is Called Likely for Youth Who Landed in Moscow (Continued from Page 1)

first time early in the week. made public by the Politburo in a Klaus Neubert, an embassy offistatement Saturday night, air force ets twice "flew around" the intrudcial, said Sunday night that the West German government had no ing Cessna. But the air defense independent confirmation of Mr. commanders showed "intolerable Falin's remark that Mr. Rust would unconcern and indecision about be given lenient treatment. The West German spokesman cutting short the flight of the violator plane without resorting to comsaid Mr. Rust had been arrested bat means," the Politburo said.

What remains unclear is whether Soviet air defense forces misidentified the plane, lost track of it or simply could not make up their minds to force it down. Western military analysts said it

was possible that Soviet jets, flying at speeds several times that of the 130-mph (210-kph) Cessna and trying to detect its form amid the visual "clutter" of trees and towns, officials. could have sped past the little plane

Mr. Rust remained in custody arrived in Moscow with a woman and presumably under interrogaclearly sensitive about about how tion Sunday, and the motives for his audacious flight were still un-German citizen involved is the known. West German diplomats young man."

were expected to visit him for the Video of Flight Shown

Mr. Rust told amazed bystanders in Red Square he had had contact with a Soviet jet during his flight to the center of Moscow, Reuters reported Sunday from

Audio film shot by an unknown person and screened on West Gernetwork, which bought it in Mosman television's main evening news cow, was longer than the 90-second Sunday night showed Mr. Rust's rented plane circling the Kremlin domes, swooping in to land, then taxiing up to the Kremlin wall. The 19-year-old flier, an over-

night hero in West Germany, was shown standing in the midst of a group of excited Russians, signing autographs and answering questions in German and English Mr. Rust, wearing a bright red

Western diplomats Sunday disflying jacket, told a disbelieving counted reports that Mr. Rust had woman questioner twice that he had come from Helsinki. Asked passenger. The West German Emhow long it had taken, he said: bassy spokesman said "the only "Five hours."

"After one hour after Helsinki I had a short contact with a jet of the

ly by sumrise.

WAR: Israel Remains Polarized by Clash Between Ideals, Desire for Security

# **AFRICA:** Epidemic Is Threatening a Continent's Elite REAGAN:

ic for the next five years. The peo- dampening of social progress?" ple who are going to die have already been determined."

topic in Washington this week as ing in cities, although more than up to 6,000 researchers meet for the four out of five Africans live in Third International Conference on rural areas. Recent tests of Afri-

The U.S. government in recent

the most important emergency fac- Zairian village last year, for examing Africa, according to State Department officials in Washington. The disease is already present among the educated elite in a number of countries," M. Peter come harder to obtain in the past

Development, said in a policy statement in April. sources," he said, "could severely

the U.S. Agency for International

stability and progress." Dr. Ruhakana Rugunda, Uganda's health minister, reinforced the spread of the disease. that message last week in a speech in Kampala. "AIDS is a disease at least 50,000 Africans have symphitting mainly at the productive age group," he said. "In our experience, the disease has not spared either the ordinary worker or the execu-

tive and professional sectors." Uganda, which has led Africa in openness about the spread of AIDS, is not an isolated case. Research in Uganda, the Central African Republic Zaire, Rwanda, Burundi. Tanzania and Zambia has found a repeated pattern of infec-

tion among the educated elite.
In Zambia, tests of blood donors in towns of the northern coppermining region found that 13 percent were infected with the virus. Of that group, according to Zambian health officials, 68 percent were skilled professionals.

"In a country that is just beginning to develop." asks Dr. Jona- 'screening and strengthening the than Mann, director of the World health systems in African coun-Health Organization's special pro-tries, where per capita spending on gram on AIDS, "how many young health averages about \$1.75 a year, holdings.

movers and shakers can you lose can check the spread of the disease. effect on the severity of the epidem- before the net effect becomes a

Statistics about the spread of AIDS in Africa are sketchy and The AIDS emergency in the de-veloping world will be a central are based on studies of people livfound infection levels to be sharply months has come to view AIDS as lower than in cities. In a remote ple, only I percent of the population tested positive for the virus.

Authoritative statistics have be-McPherson, then administrator of year as some African governments press AIDS researchers to withhold

cases to the World Health Organidamage prospects for economic zation. Researchers and African health officials, bowever, say that figure is a gross underestimate of

> The organization estimates that toms of AIDS and that 2 million or more are infected with the virus. Many virologists believe that about half of those now infected will die within five years and that nearly all

will be dead within 10 years. There is no doubt that at this point one is talking of many mil-lions of deaths in Africa," Mr. Tinker said.

The heavily affected countries are expected to have a doubling of infection every 12 months, he said. Dr. Mann regards dire scenarios for AIDS in Africa as unfounded and counterproductive. "The problem is so serious that overstating it doesn't belp," he said.

He said that immediate international support for education, blood

Only Uganda has developed a long-term plan to fight the disease. At a meeting of aid donors last week in Kampala, more than \$6 million was pledged to support that

As the aid effort continues, international publicity focusing on sexual promiscuity as a prime reason cans in isolated rural areas have for the rapid spread of AIDS in Africa has infuriated many Afri-In Kenya, which depends heavily

on foreign tourism, foreign press reports about AIDS infection levels have led to stringent controls on the release of AIDS research data. A cabinet-level committee now decides what to make public.

be beginning to change.

According to U.S. officials in Kenya, demand for condoms has jumped from 10,000 a month a year ago to 300,000 a month now. A similar demand for condoms occurred early this year in Uganda, where 500,000 U.S.-supplied condoms disappeared weeks after arriving in the country.

What alarms many health officials and researchers most about the African epidemic is that it appears to target a group that this developing continent cannot afford to lose; skilled young adults.

In several African countries, according to Dr. Mann, senior government officials and business leaders have died of AIDS. Worldwide fear of AIDS could adversely affect the opportunities of Africans to obtain much-needed university and technical training abroad.

Multinational companies with large investments in Africa have begun to consider moving their operations, according to Mr. Tmker, who recently has been approached for information about AIDS by several companies with African

# Testing Ordered

(Continued from Page 1)

Representative Henry A. Waxman, Democrat of California, who has frequently questioned the ad-ministration's AIDS plans, said Sunday that the proposal for routine testing on a large scale is "a triumph of politics in the administration over all the advice of their public health experts,"

■ AIDS on Venice Agenda

The AIDS epidemic is expected Across Africa, there is evidence to be high among the issues addressed by the leaders of the seven-orted 4,370 clinically confirmed about AIDS and that behavior may about AIDS are about AIDS and that behavior may about AIDS are about AIDS and that behavior may about AIDS are about AIDS and that behavior may about AIDS are about

international cooperation against it and reasserted their right to particithrough the World Health Organi-

support a meeting of the world's health ministers about public education, according to the theme paper agreed upon for the conference by its planners. The recommendations that come

out of the meeting will be the highest expressions of concern about "The mere fact that the heads will have talked about AIDS, even

D.K. Melby, a special assistant to W. Allen Wallis, undersecretary of state for economic affairs.

Reagan's chief planner for the meeting. Mr. Reagan is heading for the conference June 8-10 amid expectations that have been lowered by

economic and political uncertainistration officials say.

for mandatory tests for AIDS infection among such groups as immigrants and foreign students, govexperts said in interviews. The theme paper says any steps must be er direction. in accordance with the principles

The conference planners' theme paper characterizes the World Health Organization, based in Geares) devoted to Mirapolis, al. neva, as "the best forum" for interthough much of the land in the national efforts to stop the epidem-Disney venture will be used for golf ic. Such an endorsement could courses, hotels and conference cenwhich has started in 30 countries.

a miracle, and it retains a deep and along the main highway leading to prevent it, education is the only lasting hold on the Israeli psyche. eastern France and West Germany, way to stop its spread. Britain was is just a 20-minute drive from the the first country to set up a large-Foire du Trône, a factor that is scale public education program likely to accentuate the friction, about AIDS.

# filled the air. Arab leaders spoke of dled."

blood and vengeance. A Palestinian leader, asked fundamental principles. Jerusalem them will survive," he said.

piece of land without destroying commander of the eastern front, erations. recalls that public parks were desig-

er Israelis and Palestinians can find Israel began preparing for its West Bank would never be re-ways of living together on the same own funeral. Uzi Narkiss, then turned because of security consid-today he is on the leftist fringe of But beyond that, agreement did

nated as emergency cemeteries in not exist in 1967 and does not exist anticipation of massive enemy air now. No one in Israel knew what to Israel's "Oriental" Jews, those who raids. There were stockpiles of do with one million Arabs. Yet at emigrated from the Arab world.

"The big problem in Israel is we're between visions. We've said goodbye and good riddance to the supercharged idealism of the founders of the state, but we have yet to replace it.

- Daniel Elazar, Political scientist

Levi Eshkol, who was prime try's biblical heritage.

ninister at the time, stammered Many Israelis, Laborites among while making a radio address, and the army chief of staff, Yitzhak Rabin, later prime minister and nervous collapse, exhausted from ers remained deeply ambivalent, wrestling with his government's in- men like Elyakim Haetzni, then 41

the residents of Kibbutz Ein Gev, Judaism and Islam, Mr. Haetzni on the scenic eastern shore of the rushed to the scene. Sea of Galilee just below the Golan from the incessant thunder of Syri-

has been unwittingly helped along shelters serve as recreation centers crossroads in all its aspects." for weight lifting, music lessons or persistent misreading of the

Many of them served as combat Egypt's, officers and participated in key Western diplomacy, wedded to campaigns. Yet they quickly developed a sense of ambivalence and discomfort about the war they had fought and won.

> "We were naive," Tsur, who fought to defend Ein Gev and who these days is the kibbutz movement's most noted philosopher.
> "We felt that after this, there

static, that unless Israel and the could never be another war again." Arabs move toward peace they in- he said. "But we were uneasy. Very evitably will be dragged in the oth- soon many people started coming to our restaurant for celebrations. Israelis lack his sense of urgency, The victory they were celebrating but many agree that another war is did not sound like the victory we thought we had won. This was the "We will have to light again."

were won quickly destroyed that

were "new hymns and new hungers In the dark days before June 5, and the blowing of rams horns."

pation on a world stage where until gravestones, coffins and plastic the same time, West Bank cities like sheeting for body bags. In some Hebron, Bethlehem, Beth El and towns, people began digging Nablus were considered by Israel's

> them, saw them not merely as pieces of real estate to be bargained away at some conference table.

While Israel's Labor Party leadecision and his own doubts.

and a lawyer on the fringes of the disappointment for many of them.

The war changed all that and small right wing knew what had to be done. When Israeli forces cap- Hanoch Smith found 63 percent tured Hebron, the biblical home of For the 19 years before the war, Abraham, who is sacred to both break the stalemate with Jordan.

"Hebron for me had always been Heights, spent nights in bomb shel- the unattainable, something Judaism," he said. "When I heard it was in our hands, it was like an Today the Syrians, once a few electric shock. I knew right away it hundred yards to the east, are 20 would change my life, change Isramiles (32 kilometers) away, and the el, change everything. It was the

Secular nationalists like Mr. social clubs. Haetzni moved quickly to form set-For the kibbuzzniks, the Six-Day themens on the fringes of Hebron Haetzni moved quickly to form set-War was an act of self-liberation. and other areas. They were joined by many religious Jews, whose view officers and participated in key of Israel underwent a revolutionary change in 1967 Rabbi Shlomo Goren, then the

chief chaplain of the army, said:
"When we returned to the Temple Mount and the Western Wall, it was the end of 2,000 years of exile try's dependency on the United try's dependency on the United States. That this has damaged Isthe Messianic era." Rabbi Goren was one of the first

to arrive at the wall after its capture by Israeli forces on June 7 and blew the traditional ram's born there. "Religious people who had never believed in the Jewish state re-

sponded to this dream," he said. Officially the Labor government disapproved of these settlements. Unofficially, it often helped the settlers, who used the same symbols and spoke the same language as the early pioneers.

most of the territory to Jordan in official. In its place, wrote Amos Oz, a cording to Mr. Haetzni, Mr. Allon practices on the West Bank that well.

canceled arms shipments to Tel intoxification, our arrogance would harm Israel's security, inev-Aviv, visions of a second Holocaust swelled, our sense of reality dwin- itably shifted the debate inside Israel to the right. There was agreement on some

In 1967, the dovish but pragmatic views of Abba Eban, who at the about the fate of the Israelis, was indivisible and would remain time was foreign minister, were shrugged. "I estimate that none of under Israeli sovereignty. There squarely in the mainstream of Isalso was consensus that some of the raeli politics. Mr. Eban's views the establishment.

> One key factor in this shift has been the rising political clout of They constitute about 60 percent of the country's population but were long under the thumb of the Ashkenazi-dominated Labor elite

> Although Mr. Begin was a European-oriented Ashkenazi, his long ears in political opposition turned his rightist Likud into a populist which Oriental Jews were the most

> important component. Another factor pushing Israel to the right was the peace treaty with

Egypt. Anwar Sadat's 1977 mission to

most bitter enemies. Those longings remain unfulfilled. Peace with Egypt has meant a quiet border on Israel's southwest flank but no great outpouring of affection. Israelis call it the "cold

But, says Mr. Smith, when he asks what it is that Israelis are willing to give up, the numbers dwindle. Only between 33 and 45 percent in various samples express support for

The peace issue rules people's lives in countless ways. Israelis spend three years after high school in compulsory military service and at least a month in reserve duty yearly after that. They pay more than half their average income in taxes to support one of the world's most sophisticated defense establishments. Defense consumes 20 percent of Israel's gross national

Besides draining Israel's economy, the huge defense budget has dramatically increased the counraeli sovereignty is clear in a number of recent cases, including the Iran arms affair and Israel's announcement that it would cut back ties with South Africa.

pressed the fear that Israel has become an extralegal, extraterritorial arm of the American administra-It is "a sort of second CIA avail-

able for dirty missions when the White House prefers not to go Labor's foreign minister, Yigal through the regular channels," in Allon, proposed a plan to return the words of a Foreign Ministry

novelist and another kibbutznik, often stopped in Hebron to chat make many of them uncomfortwith the settlers and wish them able; among the practices are administrative imprisonment and de-The ambivalence, coupled with portation of Arab people and the

# PARK: At a French Theme Park, the Magic Is Marred

(Continued from Page 1) (Comment rage 1)

On Installa, the state of tions immediately without waiting

for estimates.

Three days later, on a Sunday, tacks were spread in parking lots, which can hold 5,000 vehicles, and were scattered on roads leading to "We worked like animals for two years to get this park built," said

ny's chairman. The destruction, he said, is "revolting and scandalous."
Of the 12,000 visitors who had come to the park that day, 1,500 turned up with phony free invitations that had been distributed throughout northern Paris by anonymous tricksters.

Guy de Broisgrollier, the compa-

Mirapolis officials said they believed some of the attackers had come from the Foire du Trône, a fair at Vinceaues, on Paris's eastern outskirts, which operates for two months every spring.

(\$108,000) worth of material dam-

age and an estimated one million

francs in lost trade, has been to

reduce the number of visitors.

On Thursday, the Ascension far from full. A spokeswoman said

about 7,000 people visited that day.

Despite the enthusiasm of the predominantly young staff, some visitors have found the attractions a pale imitation of those at the Walt Disney parks in the United Adults pay 100 francs (\$16.45) each for a ticket that gives access to

all the spectacles and pavilions; admission for children is 70 francs. One attraction, a circular, planetarium-like theater where a white owl that calls itself "The Guardian of the History of the Earth" asks children to be patient because "I have been waiting 5 billion years," has nothing of the slick technical

prowess of Disneyland and little of the charm of its themes. The mechanical means that activate the moving parts are easily One effect of the incidents, visible. A yapping dog, for exam-which caused 650,000 francs ple, wags his tail thanks to a gleam-

nve orthopedic device. Fairground workers had long vowed not to let the creation of

theme parks in France pass without

They object particularly to a reduction in the value-added tax on admission tickets from 18.6 percent on the economic agenda reflects to 7 percent, which applies only to growing concern about AIDS' poentrance to the modern theme parks and not to the old-style fairs. astation. Traditional fairs in France are

While Mirapolis may be intendneyland, its scale is much less ambitious than that of the Disney project east of Paris that is expected to take up to 20 years to com- of human rights."

The first stage of Eurodisney-

land will occupy a site 51 times bigger than the 86 acres (35 hect-

But the Eurodisneyland site,

Health Service, as well as the World Health Organization.

each other."

Lawrence K. Altman of The New York Times reported from New

ence in Venice next week clare the disease a major world health problem and to call for more

The leaders are also expected to

AIDS yet from world leaders. if it is for 10 or 15 minutes - that allows national efforts to get galvanized and move forward," said Eric

Mr. Wallis is President Ronald

ties in the six other nations, admin-Acquired immune deficiency syndrome is only one of many topics to be discussed by Mr. Reagan and the leaders of Japan, West Germany, Britain, France, Italy and Canada. But including the disease

tential for social and economic de

estimated to provide about 300,000 ed as a French answer to Eurodis- ernment officials and AIDS

Until drugs are found to cure about 25 miles from central Paris AIDS or vaccines are developed to

#### (Continued from Page 1) tied by history, geography and eco-

nomics ever to be re-divided. "The future is already here," he says. "The old equation of territory for peace is dead, has lost its meaning, and we are faced finally with the unavoidable question of whether Israelis and Palestinians can find

п Israel today is a curious mixture of pugnacious success and resigned The Israelis are a bruised, tired

they appear neither demoralized nor defeatist. Backed by \$3 billion in annual U.S. aid, they have cooled their their more demagogic leaders, be-Jews and Eastern Sephardic Jews

and skeptical people trapped in a

siuggish political interregnum, yet

recently they were shunned as pari-They remain deeply divided over graves. what risks, if any, they should take for peace and over the size and very minister at the time, stammered essence of their state, yet they are

not paralyzed. Ruled by an improbable hybrid coalition government that reflects now defense minister, suffered a their own indecision and mistrust, Israelis seem to have chosen to put off all the intractable historical, po- decision and his own doubts. litical and moral questions that have sat on the table since the Six- changed it forever. Day War ended 20 years ago.

'Most people see it as a twinge, a manageable ache, not a major emergency, and they have learned to live with it," said Daniel Elazar, a political scientist. "The big prob Heights, spent nights in bomb shelthe unattainable, something lem in Israel is we're between viters, hiding with their children shrouded in the deepest mists of sions. We've said goodbye and good riddance to the supercharged an shells. idealism of the founders of the state, but we have yet to replace it." This process of postponement his own domestic troubles and by

> strength and determination of this small state has contributed to a 20year stalemate on every front but arcane formulations and obsolete propositions rooted in realities two decades out of date, has generally

by Israel's Arab neighbors, whose

tended to abet the failure. Such an uncomfortable situation might be tolerable except for the The leaders may debate policies fact that Israel and its neighbors sit constantly on the precipice of war. Mr. Peres says the situation is not

> 52VS Shlomi, 20, a draftee serving in We just don't know when." For the Israelis, the Six-Day War consensus. began as a nightmare and ended as

all but inevitable.

beginning of our unease." The crux of Mr. Tsur's ambivaspecial infantry unit who was lenge was over the captured territointerviewed on condition that his ries. The Six-Day War had been last name not be used, "Everyone waged by consensus as a struggle here talks about it. We all expect it for survival. But the prizes that

while Lyndon B. Johnson urged He added, "In the eestasy of the The ambivalence, coupled with portation of Arab restraint and Charles de Gaulle military victory and the messianic fears that giving back the land seizure of their land

Jerusalem electrified Israelis and Jews as cornerstones of their coun- set off visions of a new brotherbood between the Middle East's

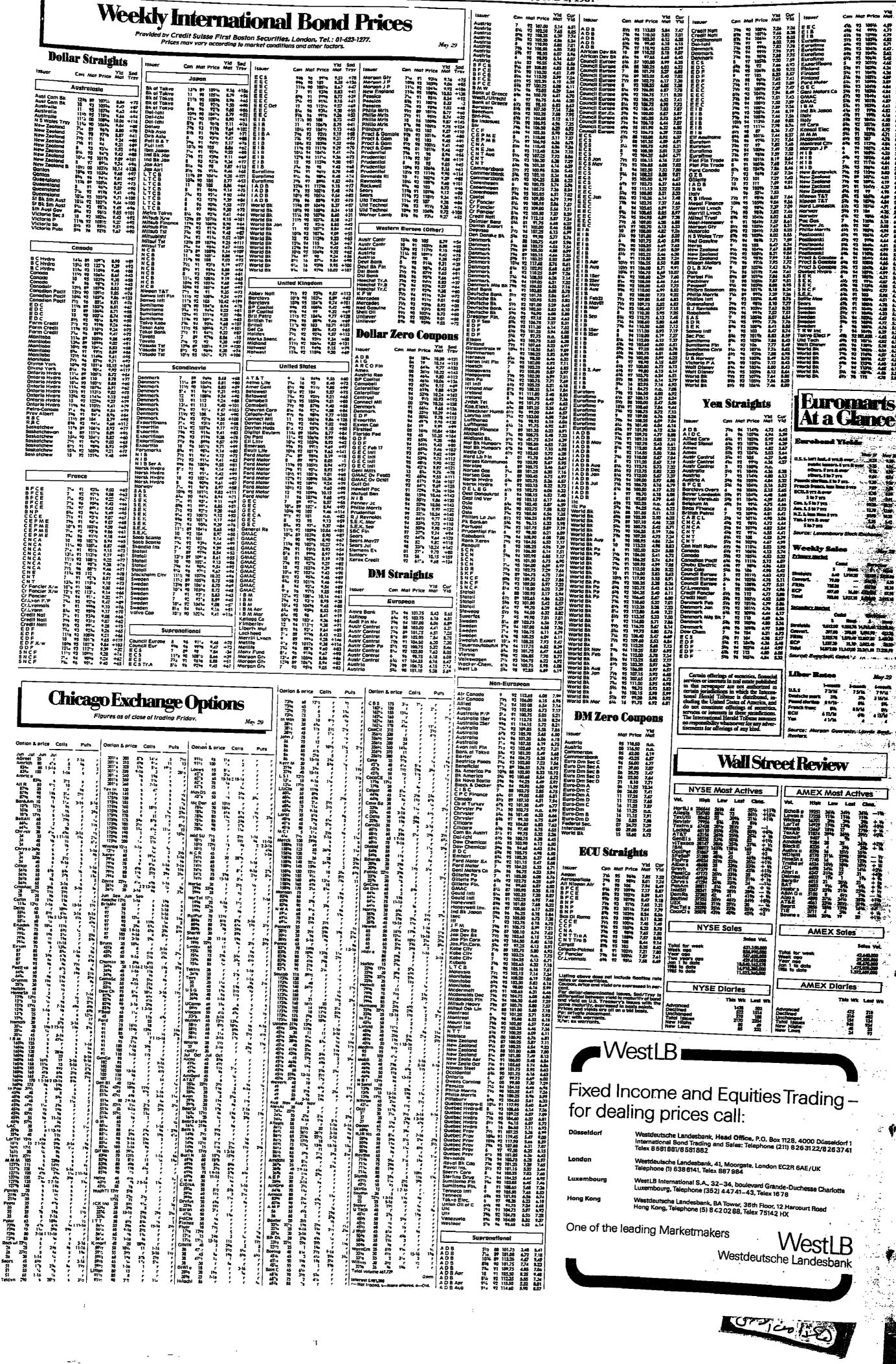
> peace," and it has been a bitter supported effort by Mr. Peres to

territorial compromise.

Some Israelis, including senior government officials, have ex-

return for peace. Yet at night, ac- Israelis similarly acquiesce in

supplying grants to builders.



# France: Political Strains

# IN THE NEWS

May 28: International Talks Begin on Terrorism

U.S. Attorney General Edwin Meese 3d and top officials from Japan, Canada and seven European countries meet to discuss international cooperation against terrorism. The meeting came as France tightened security in response to a letter from the Con-mittee of Solidarity with Arab and Mid-dle East Political Prisoners which threatened a "hot summer" if three convicted terrorists serving life sentences in France were not freed. The group has claimed responsibility for last year's bombing wave in Paris.

#### May 15: Jobless Rate Expected to Reach 11.7%

INSEE, France's national economic insti-tute, in its outlook for the rest of the year, predicts that unemployment will rise to 11.7 percent and inflation to 3.5 percent while the growth rate will stagnate at about 1.1 percent. It attributes the rise in unemployment from the current 11.1 per-cent to continued economic restructuring.

## May 11: Barbie Trial

uroman La Glano

Opens in Lyon The trial of Klaus Barbie, head of the Lyon Gestapo from 1942 to 1944, opens in Lyon, the city which was considered the center of resistance against the Germans. Barbie, 73, is on trial for crimes against humanity during World War II. On May 14, he began boycotting the proceedings, contending that his expulsion from Bolivia in 1983 was illegal. Barbie reappeared in court May 26, after Judge André Cerdini ordered him brought back to face witnesses.

#### March 28: Mitterrand, Kohl Unify Arms Approach

After more than four hours of talks, Chancellor Helmut Kohl of West Germany and President François Mitterrand announce that they have unified their positions on European defense and disarmament.

#### April 24: Le Pen Announces Presidential Candidacy

Jean-Marie Le Pen, the leader of the ex-treme-right National Front, announces his candidacy in the 1988 presidential elections. The announcement, and subsequent statements by Mr. In Pen on television, create rifts in Prime Minister Jacques Chirac's Rally for the Republic party. Michel Noir, the Gaullist minister for foreign trade, warned his colleagues against moving to-ward Mr. Le Pen's ideology to capture votes. Mr. Chirac appealed for an end to the dispute, but refused to take sides.

#### IN THIS REPORT

TV Makes Waves 11 Privatization leads to a scramble for share of France's expanding television market.

# Culinary Mystique 12

Warming Up for Presidential Election

# Le Pen's Candidacy Exposes **Divisions in Rival Parties**

#### By Brigid Phillips

ARIS - The election for the next French president is still a year away but already it looms as a race that will tear at the fiber of the traditional parties and trouble the conscience of France. The prospect of the election has sharpened rivalries within both conservative and leftist parties as politicians and partisans line up behind competing potential candidates. The internal tensions have come into public focus. particularly within the coalition of conservative parties that was elected with a slim majority to the National Assembly 14 months ago.
However, no issue is likely to highlight those
tensions more than the question of how to
react to the extreme-right National Front par-

The National Front leader, Jean-Marie Le Pen, ran for president in 1981 and culled less than I percent of the vote in the first round of balloting. But since then, his fortunes have

He has had respectable showings in municipal and regional elections and in the 1984 election for the European Parliament. In last year's legislative election, he won almost 10 percent of the vote, which, under a new proportional voting system, gave him 35 seats in the

Mr. Le Pen is the only declared candidate in the presidential election that should be held next spring. With the legitimacy that he has gained from a place in the National Assembly and a solid base of popularity of about 10 percent, he has become ever more raucous in thumping his ultraconservative platform.

He believes the unemployment problem can be solved by offering jobs to Frenchmen first and sending immigrants back to their homelands. He proposes incentives for women to stay at home with their children. He demands



Raymond Barre



François Mitterrand



Jacques Chirac

reinstatement of the death penalty, and is regularly called anti-Semitic, racist and xenophobic

Most recently, he outraged television viewers by proposing that AIDS victims, whom he called "today's lepers," be isolated in homes as we would do for any great epidemic." "We should have the courage to admit," he

added, "that AIDS can only be caught through drug-use and sodomy." He went on to accuse Health Minister Michele Barzach of being "an accomplice to genocide, under orders of the lobby financing pornography and sex shops."

gerous by a strong majority of the French. He has been unable to boost his popularity above 10 percent in the past two years. All the main political leaders distance themselves from Mr. Le Pen, and polls show that any party that forms an alliance with the National Front is guaranteed to lose an election.

Yet, he has maneuvered into a power-broking position that goes well beyond his electoral support. He is making his issues the election issues, and he is wreaking havoc in the tradi-

"The biggest question today is: Will the



Jean-Marie Le Pen, the leader of the National Front.

Even if there are no outright votesharing deals done with the National Front, will other parties be tempted to borrow Le Pen's rhetoric in order to steal some of his sympathizers.

of the presidential campaign for the next year." said Jérôme Jaffre, director of political analysis for Sofres, France's biggest polling firm. He added: "For the moment, other parties.

and especially the conservatives are in a posi-tion of being forced to talk about National Front issues like immigrants and AIDS victims. If this continues, the National Front will gain an influence far more important than the percentage of votes it gets in the presidential election. Today, the French political scene is ailing from an illness caused by the extreme

right."
That is what many politicians worry about

in this long run-up to the election. Even if there are no outright vote-sharing deals done with the National Front, will other parties -- especially on the right - be tempted to borrow Mr. Le Pen's rhetoric in order to steal some of his

That question was posed recently in a front-page lament in Le Monde by Foreign Trade Minister Michel Noir, a young and visible member of Jacques Chirac's Rally for the Republic party. "Are we," he said, "ready to sacrifice our souls in order to win elections?

Continued on page 10

# Defense Policy Shifts From Isolationism Toward Europe

"space of defense" and called for "an autono-

After the 1982 French-German summit

meeting, military cooperation between the two countries increased dramatically, with biannu-

mous center of military decision in Europe."

By Kenneth R. Timmerman

ARIS — Ever since De Gaulle returned to power in 1958 and finalized work on the French strategic nuclear force, French defense policy could be summarized in a single phrase; securing the national sanctuary.

However, over the past five years a series of gradual shifts have brought about a major change in French strategic policy.

In a speech last September at the French National Defense Institute, Prime Minister Jacques Chirac announced that France was

Mr. Chirac emphasized that France's security no longer depended on the national sanctuary alone, but would be "played out on the borders of her neighbors." He added that threats to French security "could also come from the sea, which covers more than twothirds of the globe."

French strategists have long debated the role that French armed forces should play in the defense of Enrope. Even De Gaulle, who pio-

French 2d Army remain stationed in West Germany despite France's pullout in 1966 from the NATO integrated command. The gist of French conventional strategy

then became the ambiguity of when and where French forces would join the battle before the suicide weapons of the French nuclear force

But, in fact, according to a 1985 West German defense white paper, secret agreements were drawn up between France and the North Atlantic Treaty Organization specifying how the French would coordinate with the integrated NATO forces in central Europe.

Further clarification of this role was made on Feb. 25, 1982, when President François Mitterrand of France and Chancellor Helmut Schmidt of West Germany announced the formation of an "alliance within the alliance." Until the French Socialists came to power in 1981, the idea of a "French-German pillar" to

European defense, set out in the Elysée Treaty of 1963, had remained a dead letter. But soon after the Socialists took office in June 1981, Prime Minister Pierre Mauroy began describing Western Europe as a common

ments development.

We are advancing toward

a European defence,

German defense ministers, joint troop maneuvers in West Germany and cooperative arma-

The following year, a major reorganization of French ground forces was ordered by Defense Minister Charles Herou to increase their

mobility in the European theater. An "air mo-bile" division was created, with 240 attack and anti-tank helicopters, as the centerpiece of the 47.000-member Rapid Deployment Force.

As Chancellor Helmut Kohl of West Germany said in Paris recently, the perception of a shared European defense has become so strongly anchored that most Germans realize that "French soldiers serving in West Germany are also defending our freedom."

However, the most spectacular move toward a European defense was Mr. Mitterrand's offer in January 1986 to consult with Bonn in times of crisis on the use of French tactical nuclear

following a French-German summit meeting, Mr. Mitterrand called the French strategic nuclear force "an important contribution to NATO's deterrent" capability, even though the final decision concerning its use remained with the French president.

"We are advancing toward a European de-fense," he said. "Both Germany and France are moving deliberately in this direction."

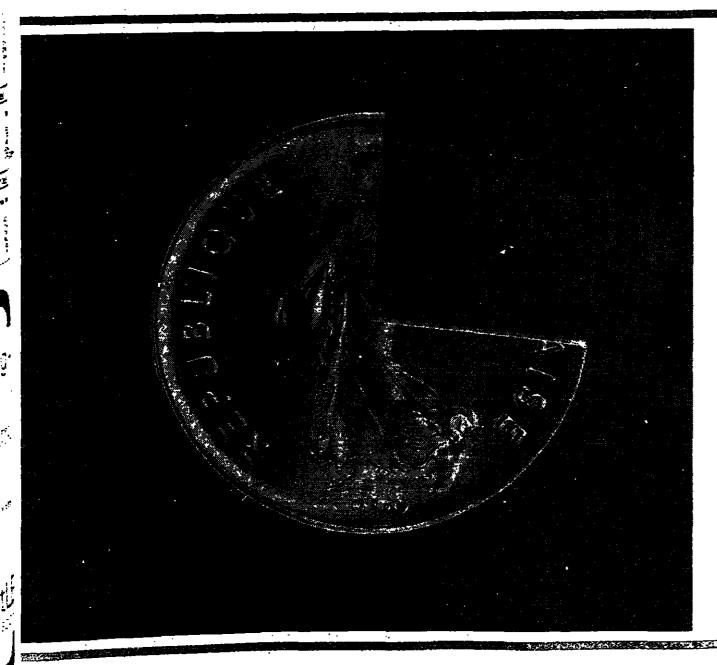
German military command as long as West Germany remains in the integrated NATO command, and France without.

"The problem is that the French have their own disparate command," said Manfred Wörner, the West German defense minister, "And the joint NATO command structure is a deterrent factor of high degree. An attacker knows he is going against several countries at once. It is a problem the French will have to

Whether or not France will opt to rejoin the NATO integrated command remains an open question. Noting "the paradox" that West Germany lacked a nuclear deterrent despite its NATO membership, while France had a r ar deterrent while remaining outside the NATO command, Mr. Hernu said that this "could lead in coming years to modifications in the legal statutes of the Atlantic alliance."

Mr. Hernu is not alone. The French military establishment has responded favorably in recent years to the upswing in French-German military cooperation, and sees German

Continued on page 12



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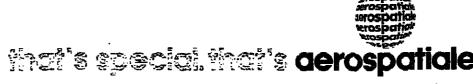
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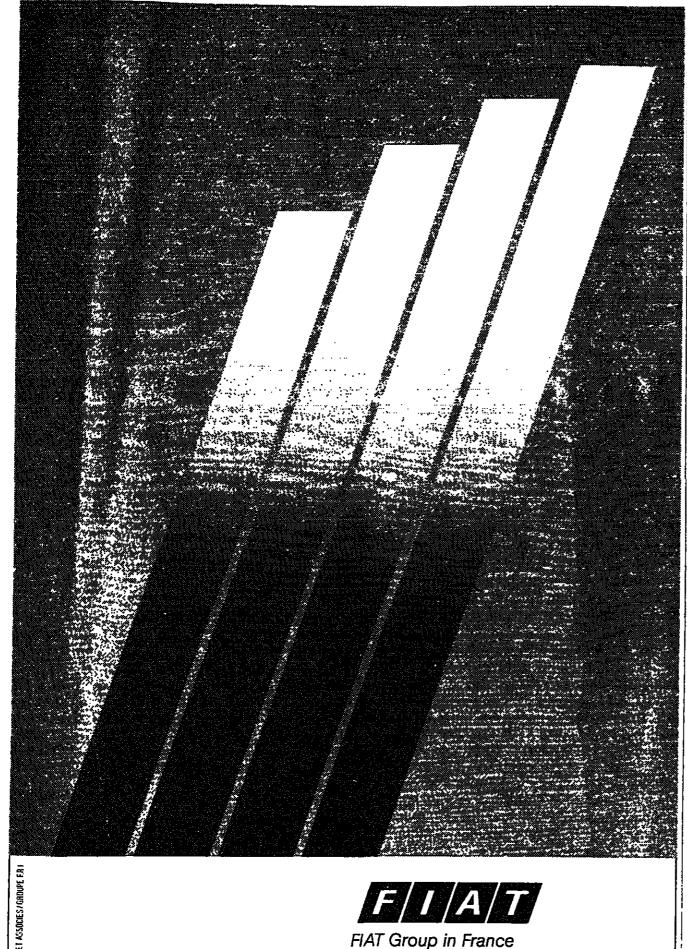
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# FRENCH COMPANY HANDBOOK 1987

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# Herald Eribune. Centennie FRENCH COMPANY HANDBOOK 1987

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# **Privatization Proves Inefficient**

By Vivian Lewis ARJS — Criticism of the way French companies and banks are being privatized is mounting. The government, and particularly the team at the Finance Ministry handling the selling off of stateowned firms, is being attacked by the Socialists led by Pierre Bérégovoy, a former minister of eco-

nomics, for mispricing and for cronyism, for interfering with free markets and for conflicts of The privatization system is al-

ready proving inefficient, and if newly private shares continue to be seen as a sure way to earn money fast (by stagging, selling shares for a profit after subscribing) it may even become unwork-

Meanwhile, newly denationalized firms, like Paribas, are under attack by their new shareholders for failing to give board representation to the overwhelming majority of shareholders, 3.2 million small French investors who own

Since success of privatization will be a key plank in the 1988 election campaign of Prime Min-ister Jacques Chirac, these charges are too serious to be ignoted. Successful denationalization, the French are beginning to realize, will not only be a matter of finding buyers for equity formerly held by the state. How they are found matters too. A major issue is the price at

which the shares are sold. In order to be sure to sell the shares it is offering — and to make sure the public will make money from denationalizations in the longer term - the Finance Ministry has pitched prices low. One result has been that the

French have learned to stag, to bid on new issues in order to sell with a gain as soon as trading begins. This tactic has already been adopted by 20 percent of the purchasers of Paribas stock, despite the chances of a one-for-10 free share in 18 months if they

Fearful of attack from the So-

Company	Offer Price*	First Trading Day	At Close May 29
StGolocin	310	969	444
	405	530 .s	NAMES OF THE PARTY
		er share in French fra	ncs.

cialists, the team around Finance, Economics and Privatization Minister Edouard Balladur has also tried to control information

about pricing.
During the drawn-out process of attributing shares to French resident individuals, who have priority in purchase under the denationalization law, trading on the "gray market" operated by London brokers will already have

begun — at a premium.
But to try to control French demand for the new stock, the government has clamped down on quotation or even newspaper publication of gray-market prices in France. Some French investors, realiz-

ing that the number of shares they are likely to receive will be reduced, have reacted by filing applications for every member of the family. This is one reason the number of shareholders has skyrocketed in France. Although a French bank is accused of fraudulent multiple filings in the Brit-ish Gas privatization, there have been no charges of fraud so far within France.

The system is resulting in a paperwork nightmare for banks and brokers handling the applications, and for the newly priva-tized companies to deal with. Furthermore, chances are that what France is achieving is not so much a broadening of share-ownership as a multiplication of the number of accounts among members of families that already are in the habit of owning stock.

To try to stop the proliferation of new brokerage accounts, bro-kers like Jean-Pierre Pinotton are requiring that a minimum cash balance of 20,000 francs (\$3,500) per account be maintained.

One long-simmering issue has now come to the fore over privatization. French companies are remiss about getting information to their shareholders. For example, they do not maintain a shareholders' roll in order to inform them about annual or interim results, splits, rights issues or annual meetings. Proxy fights are impos-sible, because bidders cannot contact shareholders.

The replacement of paper shares with electronic bookkeeping entries has made matters worse. Many shareholders who wanted to attend the first postnationalization annual general meeting at Paribas simply could not get an admission ticket from the bank or broker holding their

A related problem is that shareholders under French law may not vote by proxy - only in person. Frustration resulting from lack of information may be one reason there is so much agitation to get representation on the boards of denationalized companies for small shareholders.

Some of this agitation may result in needed reforms of French stock market traditions. Ownership without representation is not shareholder democracy.

Perhaps more politically dan-

sations of cronyism and conflicts of interest. Sometimes the charges made in the French press border on the ridiculous, like the theory that Mr. Balladur is looking for a job for himself at a denationalized company after he leaves the Finance Ministry.

But there seem to have been some odd inclusions, and omissions, among the block share-holdings sold during some recent bank privatizations. The system sets up a hard core of French institutional investors who pay a premium over the public underwriting price in return for a block of shares and a say in the future of a company or bank.

The dismissal of the former Socialist-appointed chairman of the Banque de Travaux Publics shortly after its privatization made it clear that politics does have a role in the designation of new owners.

In addition to paying a premi-um, the block shareholders have to keep their stock for a petiod of years. But unlike the public, they can get exactly as many shares as nion because of excess demand.

The international side of the selling of is not very popular either. Bioding is essentially confined to institutions outside France, just as it is essentially confined to individuals inside France.

Banks that sought permission to have their shares listed outside France were turned down by the Finance Ministry.

One reason is that the Finance Ministry distrusts foreign markets even more than it district French ones. Fearful that a foreign listing will result in a demand for denationalization is that it cannot control, the ministry has consistently blocked attempts by privatization companies or their underwriters to make a public listing outside France.

YTVIAN LEWIS, a Paris-based financial journalist, is a regular contributor to The Banker and the International Organizations Mon-

# Firms Mobilize to Invest Abroad

ARIS — French companies are not going to miss the chance that a declining dollar gives them to buy U.S. assets cheaply. For those companies with global ambitions, 1987 is likely to be a year of international, and particularly U.S., investment.

In order to internationalize their investments, these French companies will have to internationalize their capital and borrowing as

However, because of nationalism at home, French companies are not always as free as their foreign rivals to become truly multina-

A sign of the times is the decision by Sanofi, a pharmaceutical and cosmetics firm quoted on the Paris stock market although it is twothirds controlled by the oil company Elf-Aquitaine, to apply for quotation on the Swiss and West German markets as part of a capital increase in May. Sanofi hopes to win shareholders from Benelux and Britain as well as West Germany and Switzerland. anne, which is quoted on

the Paris Bourse although it is controlled by the French government, plans to gain a listing this year on the New York Stock Exchange. This will be the first Big Board listing for a French parent company. But because Elf directly and Sanofi indirectly are controlled by the government, it is difficult to dissociate their management policies from government ones. Furthermore, even French private sector companies are limited in their internationalization.

French private sector multinationals, such as Lafarge or Club Mediterrance, already have their U.S. subsidiaries on the New York Stock Exchange. Others, such as BIC Corp. or Liquid Air,

subsidiaries of BIC and Air Liquide, are traded over-the-counter in the United States. These listings are either the result of marketing ploys aimed at winning consumer support or result from takeover bids of listed firms. But their parent firms, fearful of losing con-

trol to foreign investors, so far are not listed outside France. Lafarge is a cement firm, which bought General Portland and in late 1986 for preferred

stock the National Gypsum Alpena plant. It has important interests in biotechnology, part-ly in joint ventures with Aji-No-Moto of Ja-

pan; Club Med runs holiday camps world-wide; BIC makes ballpoint pens, lighters and razors; and Air Liquide is the world's leading producer of industrial gases through the take-over of Big Three Industries in the United States last year. Lafarge is being advised by Nikko Securities

in its efforts to gain a listing this year in Tokyo. Other French firms that are said to be hoping to raise equity in Japan are Louis Vuitton, BSN, Moët-Hennessy, Air Liquide and Paribas, a recently denationalized bank. Before the French government took it over in 1982, Paribas was the only French firm with a Tokyo.

Another mark of the times is the increased internationalization of French bond market operations. In December, Rhône-Ponlenc, a nationalized chemical company, helped pioneer the use of perpetual floating rate capital notes as a way of increasing capital without selling shares. It could not do this because it had already issued the 25 percent maximum in preferred shares allowed to state-owned firms

under French law The issue raised \$300 million which, along with money market preferred stock raised in the U.S. domestic market, helped pay for the acquisition of the U.S. agricultural chemical subsidiary of Union Carbide.

There are important regulatory and psychological obstacles to worldwide capital raising by French corporations. These obstacles hinder them in creating foreign subsidiaries, in worldwide research, in siting production where it is most rational to do so.

One problem is exchange controls, which cut the French market off from the international flow of both currency and capital. Although somewhat weakened, the system still interferes with major bond or share issues by French companies.

Foreign share or bond issues, intercor loans, forward cover or prepayment of interest and principal payments on loans are subject to rules requiring prior notification of the French Treasury, and sometimes prior approval, OTICUES, etc.

But exchange controls are only a symptom of a wider problem, the way the French government and unions, and ultimately industry, view the world. Inward investment in France is

closely monitored and often interfered with on trivial grounds. This was the case when a hid by Carlo de Benedetti for control of Vallo, a troubled auto parts manufacturer, was blocked because of national security considerations: A small part of Valéo's business is in making brakes for tanks. If Rhône-Poulenc or another state-owned

firm won permission to privatize its shares, only a maximum of 20 percent could be sold to foreigners under French law. This contrasts with the situation in most other European countries and the United States, where corporations either do not know the nationality of those who own them, since without exchang controls it is hard to track investment, or do not particularly care.

Unlike Novo Industri of Sweden, Telefónica of Spain or dozens of U.S., Durch, British or Japanese companies that are controlled by foreign investors. French multinational corporations seek to prevent loreign investors from getting a major stake.

French amous and the government force companies to justify overseas investment, pledging that such an investment will not eit inste jobs at home. A decision to mannament laboratory in the United States, such as Rhône-Poulenc is doing with a former Usion Carbide facility in North Carolina, has folio fought for. But a worldwide compa centralize research and development in France.

French companies typically access their annual reports with figures about their net contributions to French exports or the balance of payments. They give not only their foreign sales but also their foreign sales mannfactured in France. Although these numbers are probably not accurate, this exercise in nationalism is a thing that few non-French firms would consider For France it is typical.

Although other countries also practice job protectionism and may also interfere with direct investment on trivial grounds, the debate is different in France because no one in indus try appears to be willing to tackle the philo blical sacred cows: mercantilism, pro of domestic jobs, doing research at home, selling goods or know-how abroad even at a loss, or keeping foreign investors from controlling a

Vivian Lewis

# Le Pen Exposes Divisions in Rival Parties considered a sure candidate. Former President

Continued from page 9

There are many symptoms today of the early 1930s when the end of an economic crisis sparked upsetting increase in extremism - we have no right to allow development of hatred, racism, anti-Semitism. Mr. Noir was reprimanded for so openly

exposing the divisions within both the RPR exposing the divisions within both the KPK party and its coalition partners, the Union for a French Democracy (UDF). But not before the damage was done. Mr. Noir's soul-searching statement set off a scurry to take sides on the question, with some seeing the expediency of trying to capture Mr. Le Pen's base of rightist voters and others, like Mr. Noir, arguing that such an approach only legitimizes extreme-right philosophy. The incident will almost certainly be re-

solved with statements over the next few months reaffirming the conservative parties' refusal to form any partnership with the Na-tional Front. But Mr. Le Pen has already achieved much of his purpose - he has caused open disarray in the ranks of the traditional right and he has made his own ideas the center of debate.

The strain caused by the debate over Mr. Le Pen only adds to the existing problems within the conservative coalition over the choice of presidential candidates. Mr. Chirac is virtually certain to run. For-

mer Prime Minister Raymond Barre is also

Valery Giscard d'Estaing has reluctantly pulled out of the race. But the young culture minister, François Leotard, is still a possible contender. If the possible candidates all decide to run, it would seriously fragment the rightist voting base, already splintered to some extent by Mr. Le Pen. Polisters agree that that would inevitably help the Socialist Party.

The Socialist Party won a majority in the National Assembly in 1981 but lost to Mr. Chirac's coalition last year. It can take some comfort from the divisions in the rightist coalition. Socialist President François Mitterrand has recently surged ahead to take a convincing lead as the most popular presidential candidate. Yet that popularity may be an illusion. Mr. Mitterrand is viewed as above the fray

and a sagacious higher authority who has managed to govern for the past year with a conservative prime minister without compromising his Socialist principles. The Socialist experience since 1981 is per-

haps the Socialists' greatest chance for success, Mr. Jaffre said. The French, even rightist. voters, are no longer afraid of a left-wing government. They have seen it isn't that different from conservative governments. So the Socialists may benefit from their own experience as well as the divisions within the right to make gains,"

It is doubtful, though, that the more than 50 BRIGID PHILLIPS is a Paris-base percent of the voters who rate him No. I would ist.

actually vote for him for a second seven-year presidential term. Voters have trouble seeing what new program he would offer. Also damaging Socialist chances is the fact

that Mr. Mitterrand may not announce whether he will run until it is too late for other aspiring Socialists, such as the popular former agriculture minister, Michel Rocard, to prepare a campaign.

The Communist Party is the worst-placed of all the parties. Its leader, Georges Marchais, announced a year ago that he would not run for president after the Communists dismal showing of 9.7 percent in legislative elections in 1986, compared to the 20 percent they received in 1978.

Much of that support may be going to the Socialist Party, which is unlikely to consider any leftist partnership with the Communists, such as the short-lived alliance they formed in

The Central Committee of the party recently gave the nod to the uncharismatic, earthy, long-time party official Andre Lajoinie to run, in what many observers saw as a cynical move that will bolster Mr. Marchais's position as secretary-general of the party at the expense of any hope for electoral success





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# Privatization Leads to Scramble for Share of Expanding TV Market diales media corporation, a miduction cannot compete with the rush outward from Fr concerns Mr. Lesscure. He at that relian productions, while Editure film productions, while

million subscribers, Mr. Lescure

acknowledged that 200 million

francs of its revenues, covering 8

percent of the company's receipts and its profit of 115 million

francs, were derived from adver-

It is already questioned in the

television community, and to

some extent in the government.

whether there is enough advertis-

ing money to support six broad-

recent government decision to

ban the advertising of alcoholic

beverages from the airwaves, a

cut of 800 million francs from

nels if the financing of each is

adapted to its nature," Mr.

Drucker argued. "Canal Plus

should get its resources from its

Mr. Lescure replied that "we

Mr. Drucker continued, "The

two public channels should be

complementary in terms of pro-gramming, like BBC One and Two, and entirely supported by public funds. Then there would

be enough advertising to support

current system," said Antoine de

Clermont-Tonnerre, chief execu-

tive officer of the Editions Mon-

"Six networks can't live in the

three commercial networks.

take only 2 percent of total adver-

There is room for all six chan-

ters, especially in light of a

tising last year.

NTIBES - Sitting barefooted on the upper deck of his yacht, Robert Maxwell, the British media magnate and owner of a 12 percent share in the newly privatized French television network TF1, was asked if it were true that he was negotiating with his putative business rival at the 5th network ("La Cinq"), Silvio Berlusconi, for joint investments in a European satellite TV channel and co-productions in Spain.

"I have written to Mr. Berhusconi," said Mr. Maxwell, "that he can't go on fighting so unreasonably against Bouygues and still remain a cooperator with me in Europe." He was referring to Francis Bouygues, chairman of Bouygues SA, one of the world's largest construction companies, and Mr. Maxwell's majority partner in TF1, with 25 percent of the

The practices that Mr. Maxwell considered unreasonable included "suggesting 10 times the going rate" in salaries for such former TF1 stars as the variety show hosts Patrick Sabatier, Stéphane Collaro and Patrick Sébas-

They and others were hired by Mr. Berlusconi for La Cinq only days after the National Commission for Communication and Liberties chose the group of investors headed by Mr. Bouygues and Mr. Maxwell in a highly public competition to buy TF1 from the state for 3.5 billion francs (about

\$583 million) on April 16. These were only the latest developments in the French audiovisual scene. The situation was summed up by Pierre Lescure, director general of the Canal Plus cable TV network: "Do you realize what an obscene mess is going on here?

Certainly, the good old days of French television are gone forever. They began with TF1. France's sole, state-owned network until 1964, when the state opened Antenne 2. In 1977 came FR3. also state-owned. Both FR3 and Antenne 2 are still stateowned. The private sector entered the scene only when Canal Plus's encrypted signal was sent to subscribers on Nov. 4, 1984, a date now regarded as the start of

a revolution in the French media. The revolution took a giant step on Feb. 20, 1986, when France Cinq, a network formed by the financier Jérôme Seydoux



Robert Maxwell, left, and Francis Bouygues, part owners of newly privatized TF1.

three networks in Italy through his Fininvest Communicazioni

company, came on the air. France Cinq's charter, negoti-ated by the then-Socialist government, gave the network the right to broadcast off the city-owned Eiffel Tower. This infuriated Jacques Chirac, the mayor of Paris. The French film community was also hornified that, for the first time on French television, movies on France Cinq would be inter-

rupted by commercials.

After the March 1986 election of a center-right parliamentary majority headed by Mr. Chirac's Rally for the Republic, and amid threats of lawsuits by Mr. Sey-doux and Mr. Berlusconi, Prime Minister Chirac annulled France Cinq's concession last Aug. 2. He also annulled that of TV6, a music video network modeled on the American MTV, which had been established under the Socialists concurrently with France Cino.

At that point, the newly created and ostensibly independent National Commission for Communication and Liberties was handed the job of parceling out the airwaves. On Feb. 27, the commission awarded France Cing's frequency to a consortium led by the rightist publisher Robert Hersant, with 25 percent of the capital, and Mr. Berlusconi, also with 25 percent. (Mr. Berlusconi and other officials of La Cinq declined to be interviewed.) The 6th channel was given unlike TF1's assets, the airwaves

for these networks were granted free — to an investment group dominated by the Compagnie Luxembourgeoise de Télédifusion and the Lyonnaise des Eaux, France's largest cable TV opera-

Interruption of programs and films by commercials is now stan-dard on TF1, La Cinq and M6. That was the first sign that a stable state-owned television system had become an open battleground. At stake are the audience shares and advertising revenues on which the state networks, like the private sector, depend for operating funds and profits.

Though partly financed by a yearly tax paid by owners of television sets. Antenne 2 and FR3 also claim 2.2 billion francs in advertising revenue annually. This is nearly 30 percent of the 8.5 billion francs spent on TV advertising in France last year.

Antenne 2's advertising sales provide two-thirds of its budget, according to Jean Drucker, president of the network until he moved to the helm of M6 in

Similarly, though Canal Plus depends primarily on a monthly charge of 150 francs to its 1.8 suggesting that FR3 stop selling advertising time and be targeted toward a more selective audience, while Antenne 2 reduce its ad

some sectors are forbidden to sell

advertising, maybe,"
Mr. Chirac advanced the idea

of such a mixed system in April.

In September, the three private channels will unveil their new programs. TF1 and La Cinq will be direct competitors, aiming for a maximum of audience share. For technical reasons, such as outdated antennae, only onethird of French homes currently receive La Cinq, a figure the network hopes to upgrade to 85 percent by next spring.

M6 also only covers one French home in four. Its ambitions, however, are more restricted. Mr. Drucker hopes to expand his coverage to 24 million homes within the year.

The six channels will show 1,200 new and old movies this year, about 10 times France's annual output of feature films. Not coincidentally, last year French networks invested 205 million francs in film co-production and TV rights, nearly 10 percent of all investment in French cinema.

Aside from FR3, whose programs are regional and cultural, and Canal Plus, which depends on un-interrupted films and sports events and has thus earned a 94 percent subscription renewal rate, according to Mr. Lescure, the other networks have one ingredient in common - re-runs of American television series.

Moreover, national series pro-

in price to the networks. Once an American show is amortized in its home market, its rights can be sold in France for an average of

150,000 francs per hour. Even the 600,000 francs per episode of "Dallas" that was paid this year by La Cinq is far below the average 4 million to 6 million francs required to produce an hour of TV fiction in France.

Industry leaders agree that it will be 5 to 10 years before European-produced series can compete with American ones. Two of the key elements. Mr. Lescure said, will be upgrading the low pay scale for TV writing in France and shifting production facilities from film to television.

Another will be the creation of a trans-European market for programs produced on the Continent. an idea. Mr. Maxwell said. "whose time has come" and which is already exerting a powerful influence in France.

By February 1988, three communications satellites — TDF-1, Astra and Eutelsat -are projected for launch, permitting direct trans-continental broadcasting to homes equipped with satellite dish receptors and cable relay sta-

It is thus not surprising that in May the French Ministry of Culture and Communications nego-tiated co-production accords with West Germany's ZDF and ARD publicly owned networks and with the Italian state-owned RAI network.

A similar movement is occurring in the private sector. Canal Plus has announced the invest-

tions Mondiales has signed coproduction contracts with Galaxy TV in Munich, Revcom in Australia and ABC in the

United States.
The kicker in these gambles is that French broadcast regulations require networks to show a minimum of 50 percent of programs in which 25 percent or more of the production capital originated in France.

Since 1984 various interests have been pressing the European Community, with the support of the French government, to apply similar rules on a Continental

"The idea is to cover Europe as quickly as possible," said Mr. Maxwell, adding that 1992, the date when trade barriers will be abolished within the EC, "is a lot closer than people think."

The rush outward from France concerns Mr. Lescure. He argues that neither a trans-continental advertising base nor a programming philosophy adapted to Europe's different cultures yet ex-

Yet Canal Plus is a candidate for a channel on TDF-1. The final choices will be made by June 15. The company is also working on a cable format. "halfway between Home Box Office and an American network," said Mr. Lescure. He said it "could be exported to England, Germany, northern Italy and Spain."

"It's now or maybe never," he This exigency is at the core of the turmoil in French television.

MARK HUNTER and LISE RLOCH-MORHANCE are jour-

nalists who write frequently on Eu-

ropean media and cultural affairs.



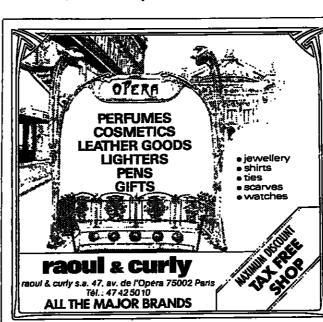
Following the Ordinary and Extraordinary General Meetings of Shareholders on May 26, 1987, the Board of Directors set the schedule for the capital increase, subscription to which is reserved to Compagnie Financière de Suez as well as to Société Générale, Paribas, B.N.P., U.A.P., and Crédit Lyonnais. The 2,516,000 shares, issued at F.F. 532 per share and representing F.F. 1,338.5 million in new equity, will be fully paid up on June 16th.

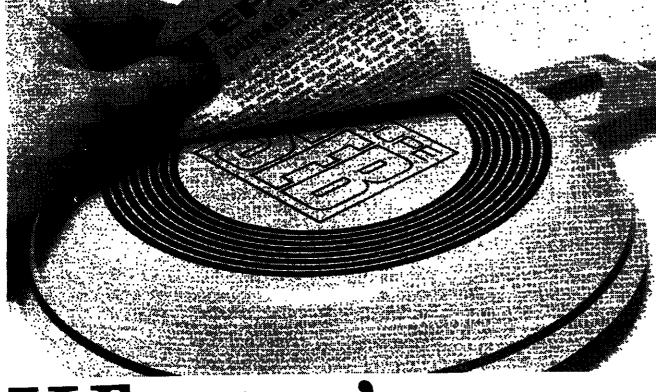
#### FREE STOCK PURCHASE WARRANTS.

The Board of Directors, at a meeting scheduled for June 22nd, will decide on the distribution to all shareholders of free stock purchase warrants. The detailed terms and conditions will be announced at that time. These warrants will be listed on the stock

Warrants will be placed in reserve to preserve the rights of potential shareholders (in particular those who may exercise the 1985 C warrants or convert the 1983 French Franc-denominated or 1984 U.S. Dollar-denominated convertible bonds).

The Annual Shareholders' Meeting approved a dividend payment of F.F. 6.50 per share (plus tax credit), an increase of 12.1% over the dividend paid in 1986. The Meeting also decided that shareholders may opt for a dividend payment in shares at the price of F.F. 474 per share. The dividend coupon will be detached on June 23rd and paid on August 4th.





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# Does the Gastronomic Mystique Really Match Up to the Reality?

By Patricia Wells

ARIS — Over the past two years, I have journeyed 50,000 kilometers throughout France, about 30,000 miles on high-speed trains and slow, mountainous roads, interviewing hundreds of men and women, discussing the elements that are basic to France's tradition of gastronomy. I have talked neith I airs Valley and formers.

I have talked with Loire Valley goat farmers and Roquefort cheesemakers. Breton crepe-makers and France's best chefs, scallop and lobster fishermen, certifiably insane bakers, escargot processors, sea salt rakers, wainut oil pressers, winemakers, cheese-agers, pig whole-salers, and two brothers who make a living growing zucchini blossoms.

Along the way I have worked alongside many of them—curing a 300-pound (136-kilo) pig. conserving foie gras, digging in icy soil to unearth black truffles, learning to distinguish edible wild mushrooms from the deadly ones. And in towns all along France's two coasts. I have gotten up in the middle of the night to greet fishermen as the sun came up, arriving with their catch of anchovies, sardines or fresh white rums.

Wherever I went, I searched out the most authentic and the best, and this invariably brought me to the "small guys," the artisans, farmers and producers who work independently. As a consequence. I spent a lot of time in villages too small to rate their own postal code and I talked with Frenchmen far removed from the excitement of Paris and the glamour of the country's famous kitchens.

Throughout my journeys, I searched for an-

swers to two basic questions.

The first was how, in this endlessly homogenized world, has France managed to retain its undisputed role as the maker, the shaper, the ruler of Western cuisine? Others challenge it—Italy notably has a joyous gastronomic tradition and there are remarkable tables in that sensuous country. And elements of American cooking are emerging in many noteworthy ways. But France's cuisine remains the stan-

dard by which all others are measured, to which all others are compared.

The second is, can all this continue? Already, in the decade or so I have been traveling and living in France, I have seen anonymous chain supermarkets — with their heads of lettuce slowed on the way to Paris so they could be individually wrapped and sanitized — squeeze out small vendors whose produce was fresher and far more aesthetic. I have watched the trend to cheeses whose taste has nothing over Velveeta, and I have mourned as neighborhood traiteurs and charcuteries disappeared in the favor of trendy, fast-food eateries.

As I carefully searched out, then documented, the gastronomy of contemporary France, I asked dozens of questions whose answers would reflect on those two big ones. All the while, I focused on the present rather than the past, on reality rather than the myths that have outlived the past.

In many ways, I began this project because, as a journalist trained to seek out the facts. I found myself constantly frustrated by the fact that so much of the "common knowledge" about French gastronomy was sheer invention. I discovered that the "primary source" for some of the authors I had respected turned out to be the Michelin Green guides, and their descriptions of methods and practices were poetry or fantasy, or just plain misinformation. In my staunchly journalistic way I was determined to avoid the appeal of mythmaking and to try to inform readers about how things are today rather than romanticizing the past.

Along with concentrating on the present. I operated on the premise that any cuisine has its source in the tastes and traditions of a nation, not simply in the kitchens of its elegant restaurants, and that its fields and vineyards are more important to preserving those tastes and traditions than its grandest chef. I don't know that I have arrived at final answers to my two questions, but I do have clues and leads, vivid impressions and, of course, opinions.

I quickly came to the realization that no matter how exhausted I was from getting up



early to greet a fisherman with his catch, or interview a baker as his first batch of bread went into the oven, the person I was interviewing probably worked much longer hours and much harder physically than I ever could. Moreover, the next day, the day after that, and the next year and the next decade, he would go back to that job with thoroughly unrestrained dedication.

And if there is one theme I heard time and again, it was the three simple phrases I heard repeated from Alsace to Brittany, Gascony to the Alps of Provence: "We do not count our hours. We love our work. We think that it has value." In part, that was because I was talking to "the little guys" — the men and women who themselves raise the mesclun, who pick the grapes, cure the olives, dry the prunes, knead the bread, smoke the sausages, or age the cheeses that have come to mean, in our gastronomic minds, France.

For most of the people I talked with their involvement with food is not a job. It is a passion, an emotion and involvement that lie somewhere between deep love and religious zeal. There is the fish chef who told me he

dreamed about fish every night, and who spends five hours each day in the market in Cannes, selecting each fish he serves in his restaurant. There's the Beaufort cheesemaker who rejects artificial insemination of his cows because, he insists, only contented cows give great milk. (Besides, he was so proud of his built)

These people aren't doing it for money, because they really don't earn a great deal, or for prestige, because farm work is short on that. They are motivated by unrestrained zeal for what they do and by centuries of tradition.

I don't know that this sort of fascination, respect and knowledge will last forever. Industrialized food continues to make intoads in France, working to confuse the palate or even destroy it. And the market for processed, quick-and-ready food expands as — I regret to say it — French society becomes more Americanized.

There were times, of course, when searching out the little guys was not enough. Good intentions, hard work and low-grade flour will still make bad bread. Cheese made from milk that has been pumped, chilled, churued and reheated just won't turn out as well as cheese made from milk still warm from the cow. And even the cheese that is made with this wonderfully fresh milk won't taste wonderful unless it has been given time to age.

Despite such negative factors, regional cuisine is alive and well and even enjoying a resurgence. Throughout the country authentic, regional restaurants are thriving while their flashier homogenized competitors struggle for a clientele.

In the Savoy you can still find restaurants serving an honest friture of tiny fish fresh from the alpine lakes. Along the French-Spanish border, near the village of Céret, there is a restaurant that still serves a traditional cargolade, a wonderfully hearty assortment of snails, pork sausages, lamb and blood sausage, all grilled over an open fire fed with vine cuttings. In Normandy's markets, that day's cauch of shrimp still squiggles in the fishmonger's bins.

and great brasseries nearby still propare them à la minute.

You can still get danbed-out in Provence. lobstered-out in Brittany, eat your fill of goose hearts in Gascony. There is no paucity of great regional fare, just the time and the temperature to each there places out.

ment to seek these places out.

Another encouraging aspect is that gastronomic history is not being forgotten. The tarte Tatin at the Hôtel Tatin in Lamotte-Beuvron may not merit a special trip, but it really is pretty good. And if you do go there to dine, you can see the stove where those sisters supposedly "invented" that wonderful upside-

Quality is a tradition in French cuisine, and the French respect for both quality and tradition will help protect the nation's gastronomy for a long time. Which is not to say it will be preserved intact.

In my travels I have encountered a variety of deceptions, situations that are not quite what they seem. It may be something as small as the fact that the majority of the truffles preserved in the Perigord actually come from the other side of France, in northern Provence. These "cans of worms" — the label on the file I put them into as I worked on sorting them out — add up to a basic, disappointing discovery. Many of the products that have made French cuisine famous no longer come from France.

That foie gras you rave about in Michelinstarred restaurants? There's a 75 percent chance it came from Hungary, or Poland or Israel. Those luscious escargots? Probably from Hungary. The frog's legs? From Yugoslavia. The brochet in your quenelles? Canada. The mustard grain in your Dijon mustard? From Kansas.

Authenticity of origin is a hard question to deal with. Were the products better when they were French? No doubt they were. Food is invariably better the closer it is prepared to its source. But how much better? My decade here isn't enough for me to answer that.

Scallops from Ireland, mussels from the Netherlands and olives from Spain may not destroy French cuisine or end its traditions. But the effects of the contemporary economic order are shattering some aspects of regional eastronomy. \$ ('mr'

ipread-

gastronomy.

The economic cooperation brought about through the European Community has indisputably raised living standards throughout Western Europe. But the EC's agricultural po-

licy is leading to a steady, irreversible industrialization of farm practices.

Inevitably, this will mean that the price difference between a farm-raised chicken from Bresse and a factory-produced one will drive all but the most committed Bresse poultry farmers out of business. That a poulet de Bresse will become as rare as caviar and just as unaf-

fordable is truly lamentable.

Yet, basically I came away from my research with my optimism intact. In another generation, I doubt there will still be farmers in the mountains of Cantal, milking their cows by hand, living in stone shacks that lack electricity and running water (but not a telephone). But the tradition of making good cheese will still be alive. Old Tante Paulette and Tante Yvonne won't be feeding us their poulet au vinaigre or daube provencale, but someone will come along to fill their shoes.

Certainly, frozen food sections will grow in supermarkets, that drive-in baguette shop I saw in Avignon will no doubt breed offspring, and there's no question that McDonald's and Love Burger are here to stay.

But a good percentage of the authentic, dedicated food people I've met over the past two years will be around to see the new century in, and I'm convinced that the passions of men like Paris's baker Lionel Poilane and Lyon's chocolate-maker Maurice Bernachon will not only get us on through just a little bit longer, but inspire successors who are determined not to let their teachers down.

PATRICIA WELLS is the International Herald Tribune's restaurant critic and author of the just published "Food Lover's Guide to France" (Workman).

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SOCIÉTÉ GÉNÉRALE

# Defense Is Moving Closer to Europe

Continued from page 9

strength in conventional armament and the French nuclear deterrent as "complementary."

Less known have been the extensive discussions between the French and British chiefs of staff on the feasibility of forging Enrope's only two independent nuclear forces into a single deterrent extended to all Europe.

Another idea involves the re-

invigoration of the West European union as a means of sidestepping the thorny legal problems created by France's special statute within NATO. Relations between individual European ristions and NATO will then be modified on a bilateral basis.

"We are a long way from a

coordinated European defense,"
French strategist General Jeannou Lacaze said, adding that the
new Soviet disarmament proposals, "by raising the specter of an
American disengagement from
Europe, are pushing us faster in
this direction than before."

A survey published in April by
the French newsweekly L'Ex-

press showed that the French public and the strategist are thinking along similar lines.

Fighty-eight percent of those polled favored the creation of a joint European defense system.

West Germany into a European nuclear deterrent force. "One thing is certain," wrote the editorialist, Jean-Paul Pigasse, France's "splendid nuclear isolation is over."

while 54 percent wanted to bring

There are many signs of a gradual, de facto reintegration of France into NATO, not the least of which is the extent to which the French have been consulted in the attempt to arrive at a joint NATO response to the "double

zero" option.

After meeting with the NATO defense ministers of the nuclear planning group in Norway, the chairman of the joint chiefs, Admiral William J. Crow Jr., came to France on May 16 to meet with French military leaders.

he French have consistently refused to allow their nuclear deterrent to be included in the U.S.-Soviet negotiations and have long held that disarmament talks should begin by a 50 percent reduction in the strategic arsenals of the two superpowers before the French would even consider joining negotiations.

Still, Mr. Mitterrand welcomed

the offer of Mikhail S. Gorbachev, the Soviet leader, to eliminate medium-range and shortrange missiles from Europe, as long as the process were "balanced and controlled." But he was careful to make the French position contingent upon Bonn.

The French have long been wary of any Euromissile deal. Their major fear has been the decoupling of Europe from the United States.

"The smaller the U.S. nuclear presence in Europe, the weaker the U.S. link," top French officials said. "Conventional weapons simply do not couple the U.S. to Europe. Nuclear weapons do."

These officials recently were able to evaluate the Soviet proposals firsthand during Mr. Chirac's visit to Moscow in May.

"The Soviets want to drive a wedge into the Atlantic alliance and break off West Germany as something special, something separate," they said "Our position has always been to stop the Soviets from dividing Europe.

This is why we have opposed all offers of a denuclearized zone in central Europe and the temptation of a reunified, neutral Germany."

They see Mr. Gorbachev's "zero-zero" option as part of a larger Soviet strategy. "The Soviets are going for an agreement on medium-range missiles as a means of drawing off attention from the extremely rapid modernization of their strategic nuclear forces," the officials said.

Today France speads more than 4-percent of its gross national product on defense, and most experts agree that this is about as high as it will go.

bigh as it will so.

Even though it eats up about
30 percent of the total defense,
budget, nuclear deterence is considered cheaper in both political
and economic terms than maintaining a large standing army,
and it has been given priority
status by successive administrations.

nitics of this strategy, such as former Air Force General Etienne Copel, believe instead that France should begin to seriously upgrade its conventional forces "because the French president won't pash the nuclear button" in the event of a conventional or a chemical attack.

The problem of the growing conventional imbalance in Enrope in favor of the Warsaw Pact is at the heart of every disarmament discussion. Those who oppose eliminating nuclear weapons point out that they have kept the peace for 40 years and that their absence would open the door to Soviet adventurism.

The French have never favored disarmament agreements for their own sake, and their reaction to the zero-zero proposals is no exception. Any disarmament agreement "must increase security, not decrease it," Mr. Mitterand and Mr. Kohl recently agreed.

The answer now proposed by NATO strategists to the growing Soviet conventional and chemical threat is the so-called "emerging technologies initiative."

This involves developing extremely expensive, long-range weapons, radar sensors and sophisticated communications, command and control systems that will act as "force multipliers" to compensate for NATO's numerical inferiority.

The French have come up with their own solution — the neutron bomb.

"By adding the neutron bomb

to our panoply," Defense Minister André Giraud said last year, "we hope to dissociate these two very different tasks: destroying a conventional threat and issuing a pre-strategic warning."

Mr. Giraud's lovely and an analysis of the same and issuing a pre-strategic warning."

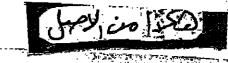
Mr. Giraud's low-keyed announcement that France would
use the neutron bomb in response
to a Soviet armor attack went
virtually unnoticed in France and
is unlikely to arouse the type of
emotional outcry that forced
President Jimmy Carter in 1979
to abandon the neutron bomb's
deployment in the Utsical South

deployment in the United States.

If nothing else, the French have one extraordinary advantage over their NATO partners: their national consensus on defense policy is almost total.

KENNETH R. TIMMERMAN, associate editor for the Washington-based Journal of Defense and Diplomacy, is the anthor of "Fanning the Flame," a study about arms sales to Iraq and Iran.

To Our F





MONDAY, JUNE 1, 1987

TOMORROW'S WORLD

# EUROBONDS

# U.S. Currency's Rebound **Spreads Cheer in Markets**

By CARL GEWIRTZ

ARIS — The dollar's rebound last week — up some 3 percent against the yen and the Deutsche mark - spread cheer in the foreign exchange and dollar bond markets. Although analysts suspect it was only a blip on a continuing downtrend that will be resumed after this week's summit meeting in Venice, there was a detectable undercurrent of uncertainty: Could it signal that the dollar's 20-month slide finally had

The dollar's revival was clearly due to special factors: widespread official support during the past two months and, since the middle of last month, an effective curb on Japanese currency speculation imposed by the

Late Friday, the New York Federal Reserve reported that in March and April — after the late February meeting in Paris where finance ministers agreed to "foster" exchangerate stability — central banks intervened in the foreign exchange markets more heavily

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Japanese and West German investors. than at any time since the move to floating rates in 1973. The Fed itself bought more than \$4 billion and the total intervention by the major industrialized countries, the so-called

Higher interest

rates on dollar bonds

offer protection to

Group of Ten, amounted to the equivalent of \$73.5 billion. Meanwhile, last week, Japanese bankers reported continued covering of speculative positions. The major finance, industrial and trading companies who have been ordered to report daily their sales and purchases of foreign currencies are closing out positions as they come up for renewal, taking pressure off the

These moves underline the determination of central bankers to convince the market that no further depreciation of the dollar is desired at this time. Nevertheless questions remain. Can such heavy intervention continue? Is it enough to turn market sentiment when the fundamental policy changes needed to improve the world economic outlook are still lacking?

Japan's long awaited announcement, made late last week, of a plan to stimulate domestic demand with a supplemental budget amounting to 6 trillion yen (about \$42 billion), a billion more than had been talked about, gave only little comfort. Too many unfilled promises in the past have left analysts wary of words and

ENRY Kaufman, economist at Salomon Brothers, said that "the stimulative impact of the program appears unlikely to approach its advertised 6-trillion yen magnitude (nearly 2 percent of gross national product). While the funding side of the program is still unannounced, unofficial reports indicate that new bond issuance would amount to only 1.3 trillion yen (roughly 0.4 percent of GNP), perhaps a better gauge of the package's real additional effects."

With Japan's package now on the table, the economic focus at the weekend summit meeting of the seven major industrial powers will be on what West Germany is prepared to do to stimulate its slow growth and how the Reagan administration intends to further reduce its budget and trade deficits if it remains unwilling to increase taxes.

In fact, nothing new is expected - and this is expected to revive currency speculation.

On the other hand, there is reason to assume that foreign investors are prepared to resume buying dollar securities, thereby financing the huge U.S. current-account deficit, once considence in the dollar's value is restored.

The current much higher interest rates available on dollar bonds offer investors in Japan and West Germany more than adequate protection against further devaluation and at some point could or should trigger a big new buying spree of dollars to purchase dollar-denominated bonds. Current bond yield differentials, says Credit Suisse First Bos-

ton, imply a 10-year break-even exchange rate of about 80 year against the dollar and about 1.35 Deutsche marks against the dollar. Present exchange rates are 143.75 yen and 1.8180 DM. The most extreme forecasts in circulation have the dollar weakening to no more than around 100 yen and 1.10 DM.

As existing interest differentials adequately compensate for even this extreme development, dollar bonds should be attractive

to foreign investors. ded for investors to act on this perception," says

See EUROBONDS, Page 15

# **Currency Rates**

Brussels(a)						Clos	<b>a</b> d		
Fronkfurt	1.8215	2,941		29,995	1.3845 x.	18.79 ·	4,826 *	120.45 *	1.265 *
Londog (b)	1.6305		2.9678	9,9123	2,142.90	13433	61.49	2,4403	234,555
Milan	1,314.10	2,139,30	722.00	214.59	_		34,854	871.70	9.137
New York(c)	· —	0.6126 <b>=</b>	1,518	6.0685	1.312.50	204	3745	1.506	143,75
Paris	6,0735	9.872	3.3342		4,619 x	2,9604	16.101 °	40195	422
Tokya	143.60	233,78	7E.99	23.70	10.75	<b>79.</b> 17	38147 °	95.26	_
Zurich	1.5725	2.4594	\$2.995 °	24,965	0,175 =	73.48 =	4,006 *	_	1.0514 *
1 ECU	1,1394	0.701	2.0762	4.9202	1,498.90	2.3354	42.97	1,7205	163,941
ISDR	1,2866	0.7913	N.Q.	7.814	N.Q.	24401	N.Q.	1.944	185.268
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# Last Week's Markets

	All t	figures a	re as of	f close of trading in	day	_
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	976.68	933.81	+ 4.59 %	Prime rale ·	814	814
DJ Trans.	284.96		+241 %		_	
5 & P 100	290,10	282.16	+ 281 %	Discount	2%	21-
5 & P 500			+ 3.63 %		33/76	2 15/14
S & P Ind	340.09	169.05	+ 2.79 %	3-month interbank	39/16	39/16
NYSE CÞ	143.46	139,03	T		0 77 IQ	0 77 10
Britais				West Germany		
	- 202 00	7.747.SB	+ 1.64 %	Lombord	5	5
-TSE 100	2,203.00	1,486,70	+ 151 %	Call money	4.50	3.60
· =T 30	1,712.10	1,00007-	1	3-month Interbank	3.75	3.75
il pan				Britain		
	4,772.39	34,156.71	+ 255 %		_	
	4//			Bank base rate	9	_,
est Germony				Call money	918	7%
Mnmerzbk 1	1.759,60	1,730.50 +	- 1,68 %	3-month Interbank	8 15/16	8 9/16
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ng Kang		·	-7/0	Bit Engl Index 101.90	100.10 4	+ 1.80 %
ing Seng 2	1,919.70 2	2.897.62 +		Gold		
Plat			-			
74			- 77 0: "	London p.m. fix.S 451.00	466.50 -	-3.44 %
CIP	459.40	455.90 +	U// ~			,

#### To Our Readers

Beginning Wednesday, the International Herald Tribune will add ulip H. Dougherty. The New York Times's distinguished advertising liter, to its weekly lineup of columns. The International Manager lumn by Sherry Buchanan will now move to Thursday, and the Wall reet Watch column will appear on Fridays.

# U.S. Rate Of Growth Up in May

# **Purchasers Post** Sharp Increase

By Jonathan Hicks

NEW YORK -The U.S. economy's rate of growth increased sharply in May, according to a monthly report by the National Association of Purchasing Managers.

The report, for release Monday. stated that 34 percent of the responding managers in various in-dustries reported gains in new orders and only 11 percent reported declines from the previous month. In April, 30 percent of the managers reported an increase in new orders, while 12 percent indicated de-

The association compiles the results of its monthly survey into a seasonally adjusted index. The index rose sharply, to 57.5 percent, from 54.2 percent in April.

The May figure was the highest since June 1984, when the index reached 58.1 percent. Generally, a reading above 50 percent indicates that the economy is expanding, while below 50 percent signals a

"Even without the aid of inventory growth, all indicators point in positive direction," said Robert J. Bretz, chairman of the association. The growth in new orders virtually assures both a good second quarter and first half of 1987."

Mr. Bretz, director of materials management at Pitney Bowes Inc., said the index averaged 54.7 percent for the first five months of the "Based on past experience," he

said, "if this average were to con-tinue for the remainder of 1987, this would be consistent with real gross national product growth of bout 3.2 percent."

The survey of purchasing man-agers at 250 companies showed growth in all economic indicators, except for inventories, which remained stable.

New orders increased in May for the fifth consecutive month, though at a slower pace than April's increase.

By Peter T. Kilborn

New York Times Service

ly suited men and one, the Italian,

who invariably arrives in open

sports coats, convene every three months or so in the opulent gilded

chambers of the Louvre Palace, in

the clubby rooms of No. 11 Down-

ing Street or beneath the swooping brass chandeliers of the U.S. Trea-

sury's third-floor conference room.

each other by first names — Jim,

Kiichi, Gerhard, Edouard, Nigel,

Michael, Giovanni, Each comes

armed with briefing books, his dep-

uty and his central banker. Three

Collectively, they are known as

the Group of Seven. The industrial

democracies they represent — the

United States, Japan, West Germa-

Italy - join in the annual economic summit conferences.

By Alan Riding

New York Times Service

RIO DE JANEIRO, Brazil -

Amid mounting expressions of de-

spair over the explosive inflation

that is ravaging Brazilian business,

there is a strong dose of nostalgia

for the good old days of annual price increases of "only" 220 per-

It was possible to live with this inflation between 1983 and 1985, businessmen recall, because the en-

tire economy was indexed to adjust

automatically to price rises.

Things were predictable." one fur-

niture manufacturer remembers

But the peculiar rules that long

steadied the Brazilian economy

price freeze and then by the col-

à louer ou à vendre :

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ny. France. Britain. Canada and

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All ministers of finance, they call

WASHINGTON -Six somber-



Sanofi's vice president, Jean-François Dehecq, left, and president, René Sautier.

# Sanofi: Unabated Empire-Building Elf's Pharmaceutical Unit Credits Flexible Structure

Group of Seven's Daunting Goal: Managing World Economy

'One of the most difficult jobs in the world is coordinating

War II, when the world's econo- relationships among currencies.

mies were less interdependent and Finding a workable replacement.

treaty of Bretton Woods, which also a task that assumes a hefty

tied the finances of the Western dose of political clout among its

Brazilians Yearn for the Days of 220% Inflation

economic policy. Of necessity, a country's domestic agenda has to

its capital markets more regulated. however - if there is one - pushes Venice. The heads of state or gov-

participants, if they are to put into

effect at home the promises they

"One of the most difficult jobs in

tos, president of the National Com- face."

banking community because com-

panies that file for protection un-

der the bankruptcy laws are re-

quired to pay only 12 percent

annual interest during the first two

years of bankruptcy, during which

time principal payments are sus-

"When you're talking about

1,000 percent inflation," one Bra-

zilian banker said, "you're almost

asking banks to write off the debt.

Most of the companies in deep-est trouble are those that had faith

in the anti-inflation program

known as the Cruzado Plan that

"They were told that 'zero infla-

was imposed 15 months ago.

make in their meetings.

mercial Confederation.

hat is easier said than done. make it impossible to return to agenda has to come first."

In a simpler era, after World such mechanisms as rigidly fixed Now, once again, the group is

By Christopher Boian

PARIS — Thirteen years ago, two men were ven a billion francs along with instructions to build an empire. That, they both say today, is precisely what they have done.

The empire is Groupe Sanofi SA, a Frenchbased multinational holding company. Using capital allotted by Société Nationale Elf Aquitaine in 1973 for the creation of a research and development subsidiary. René Sautier and Jean-François Dehecq, Sanofi's president and vice president, began a series of corporate acquisitions that has yet

"We started with practically nothing in an in-dustry where the established companies don't like intruders," Mr. Dehecq said. "We have fought

Ranked as the eighth largest pharmaceutical manufacturer in Europe. Sanofi has holdings in 160 companies in more than 100 countries and is listed among the top 20 corporations in France in terms of market capitalization.

"Our strategy has placed strong emphasis on expansion from the beginning, and will continue to do so," said Mr. Sautier, 64. "When good opportunities come up we take them. That's all there is to

Speed is clearly the key to Sanofi's modus ope-

an impressive mandate: to devise a

way the countries can work togeth-

er to manage the world economy.

world to gold and kept them in

That era is past; most financial

experts agree that the volatile

adjustable-rate basis. And because

interest on such loans soars along with inflation, companies that had

borrowed heavily when inflation

was relatively low now are required

to pay extraordinarily high rates.

"Someone who was paying 2 per-

cent monthly interest last year and

then suddenly has to pay 30 per-

cent faces a snowball that keeps growing until he is smothered and

is forced to ask for help and time to

breathe," said Murilo Sarney, the

younger brother of Brazil's presi-

dent, José Sarney. The younger Mr.

Sarney speaks from personal expe-rience. He heads a specialized steel maker, Carmifer, that suspended

The result of such pressures has

been a surge in bankruptcies. In

center, more companies filed for

its debt payments in mid-May.

were shattered last year, first by a São Paulo, the country's industrial

apse of that freeze. And now, with bankruptcy under the Brazilian

inflation running at an annual rate equivalent of Chapter 11 of the of 1,000 percent, much of the pri-

vate sector is fighting for its life.

A large part of the problem than in all of 1986—180 compared

stems from the absence of fixed with 52. Just one company that did interest rates in Brazil, which so recently in Rio de Janeiro had means that all loans are made on an debts equivalent to \$120 million.

some kind of balance.

That is easier said than done.

randi. In the first three years of the company's existence, it acquired all or part of 13 smaller companies in France and abroad, ranging from the Yves Rocher perfume and cosmetics concern to a pharmaceutical laboratory in Spain.

It was, however, the 1980 purchase of Clin-Midy laboratories, the pharmaceutical branch of CM Industries, that solidified Sanofi's presence in the international marketplace.

In its most recent acquisition. Sanofi agreed in April to buy two U.S. cosmetic firms owned by American Cyanamid. Sanofi would not disclose the price, but the companies involved, Jacqueline Cochran and La Prairie, were reported to have combined annual sales of \$60 million.

Mr. Sautier conceded that the Cyanamid transaction fits neatly into Sanofi's agenda for growth - an agenda that considers the top priority to be carving deeper inroads into U.S. pharmaceutical and cosmetic markets. But he maintained that they came about spontaneously.

"The deal was not planned at all in advance," Mr. Sautier said. "Our managers in the States called us and said, 'Something's come up that we think the company should act on right away.' So we called them back the next day and said, 'Fine. — do it today.

- James A. Baker 3d, U.S. Treasury secretary

Among reasons cited by Mr. Dehecq, 47, for the See SANOFI, Page 16

on to abandon the gold standard, necessity, a country's domestic man minister, for example, talks of

preparing to meet, this time at the

ministers have moved some dis-

something they call "international

Put differently, with a sharp

a recession and threatening to push

up unemployment, there is no way

that most companies can generate

the cash flow needed to cover inter-

only once a month, and by the

equivalent of 80 percent of the pre-

See BRAZIL, Page 17

to "meli" last November.

tance toward a new arrangement.

economic policy coordination."

June 8-10 summit conference in exchange rates.

# **Italian Official** Calls on Bonn to **Spur Economy**

By David Brown Special to the Herald Tribune

ROME - A week before the seven-nation economic summit meeting in Venice. Italy has added its voice to calls that West Germany stimulate its economy in the face of flagging European growth.

Carlo Ciampi, the governor of Italy's central bank, on Saturday criticized West Germany's continuing "reluctance to utilize its econonuc potential" for expansionary

He also called for more coordination within the European Monetary System.

The Bank of Italy's annual assessment of the global and domestic economic situation drew the country's leading industrial and the state of the state country's leading industrialists and

Mr. Ciampi warned them that growth of Italy's gross national product this year, though higher than the expected European average, would probably fall short of the bank's February forecast of 3 percent. GNP is the value of a nation's total output of goods and

He pointed to an unexpectedly strong deterioration in the country's trade balance through April. and the threat of renewed inflation. after a sharp seven-year drop to 4.2 percent from 22 percent in 1980.

The governor's warnings come as Italian politicians are competing to take credit for the country's strong economic revival before the June 14 general election.

The country cannot "surrender to the illusion that its "unresolved problems" can be evaded, Mr. Ciampi said, adding that domestic demand is rising too fast while export competitiveness is declining in the face of a low dollar exchange rate, among other factors.

The rising cost of oil poses a critical economic threat, he added. citing Italy's need to import 70 percent of its total energy require-

Finally, the government's heavy borrowing requirements to finance

having "more common ground

their economies fall out of line, and

for holding economies on course. It

is centered on six "objective indica-

tors" of economic performance:

growth, trade, budget balances, in-

flation, interest rates and currency

than we have had in the past."

then what do they do?

suring them.

the national debt, which now stands at more than 100 percent of GNP, will keep domestic interest rates high.

The Bank of Italy also announced important banking policy initiatives Saturday.

One move would tighten banks' reserve requirements, open opportunities for money raising, and gradually case rules controlling Italian and foreign banks opening retail branches in Italy.

An earlier move announced last month significantly deregulated rules governing banks' spending. Together, the new initiatives mean

These moves are likely to spur increased competition and and a big shakeout in the banking sector over the next several years, said Amerigo Gori, director of the ltalian banking federation.

Mr. Ciampi also said the bank would move to limit the right of industrial companies to acquire shares in banks and financial institutions, in a step designed to insure hanks' independence and to avoid conflict of interest of the kind that led to several big bank failures in postwar Italy.

# Peugeot Sets Offering of

International Herald Tribune
PARIS — The French automaker Peugeot SA will announce plans Monday for a capital increase esti-mated to be valued at about 5.2 billion francs (\$856.9 million), Peu-

The controlling shareholding of executives said.

The foreign offering, being managed by the Paribas banking group, has already been largely oversubscribed, primarily in Britain, Switzerland and West Germany, said Yves Rapilly, Peugeot's chief fi-

Choosing the indicators was only a similar group of men wrote the economic theory to its limits. It is ernment of the seven nations are a beginning. The next step was to Starting Monday, two-thirds of likely to announce that the finance settle on common methods of mea-The difficulties are apparent if

one looks at budgets. "All the governments are on different budget Although some economists find cycles, and their budget processes are different," said a deputy minister. The group agreed to let the International Monetary Fund act as referee, and with the IMF's managing director, Michel Camdessus. attending Group of Seven meetings, major differences appear to have been resolved.

The ministers are further from agreement on how to respond when someone's indicators depart sharply from projections.

The French finance minister. Edouard Balladur, proposed that the system include a high degree of what economists call automatic-Countries would automaticalest payments that have increased by take corrective, predetermined steadify since the price freeze began action when the indicators, especially exchange rates, went awry.
"But this did not seem possible."

Further, while struggling to Mr. Balladur said, "So I suggested come up with a coherent austerity that consultations, not decisions, become automatic." The seven program to curb inflation, the government has added to the companies' liquidity problems by order-ing that, without special would call a quick meeting, as they did in February after a renewed run permission, prices can be increased See SEVEN, Page 16

New Shares By Axel Krause

geot executives said Sunday.

about 23 percent of the Peugeot family will remain unchanged. while the second-largest shareholder, Compagnie des Establissements Michelin, the big French tire mak-er, also will probably retain its current holding of 7 percent, Peugeot Peugeot now has 16.7 million

shares outstanding. Foreign investors will be allowed

Formed a year ago, the group has nimpressive mandate: to devise a to its limits by the early 1970s, ay the countries can work togeth-leading President Richard M. Nix-coordinating economic policy. Of hard Stoltenberg, the West Gerto buy a third of the offering of 1.57 million new shares. The per-share price has been established at 1,700 francs. Buyers also are to receive a What is policy coordination? How do these men know when warranty to buy an additional share at 1,700 francs, which can be exercised until Dec. 31, 1990. The price of Peugeot shares, which What the ministers say they have established so far is a "framework" closed Friday at 1,595 francs, has been rising recently.

nancial officer.

the 1.57 million new Peugeot shares are to be offered to existing French and foreign shareholders on a firstcome, first-served basis until June

The new shares plus the warranties, assuming they are exercised, will represent about 5.2 billion francs. "This represents new capital to reinforce our financial structure, to reduce debt and pursue expansion," Jacques Calvet. Peugeot's chairman, said Sunday.

Shares not purchased under the priority offer by June 11 will be offered for public sale, the company said in a statement.

In a related move. Peugeot has proposed that one free share of the company's stock be given for every five shares currently held. The annual meeting scheduled for June 29 is expected to approve the proposal, which would add another four million shares, bringing Peugeot's total shares outstanding to about 24 million. Shareholders also are expected

to approve payment of a 10 francdividend based on 1986 earnings. which rose to a record 3.59 billion francs, and the first dividend paid

## · ELOF HANSSON - THE GLOBETRADER®

"At least 100,000 companies are tion' had arrived." one business

This is spreading alarm in the drop in sales signaling the arrival of

technically bankrupt in Brazil to- consultant said, so they borrowed

day," said Antonio de Oliveira San- and invested and are now on their

The international trading house active in pulp, paper. machinery, chemicals, timber, building material, textiles, foodstuffs, steel, consumer goods.



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INTERNATIONAL HERALD TRIBUNE, MONDAY, JUNE 1, 1987

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# New International Bond Issues Compiled by Lourence Desvilettes

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İssuer	Amount (millions)	Mot.	Coup %	Price	Price end week	Terms
FLOATING RATE NO	TES		<del></del> -	<del></del>	MECK	
TOPS Series 3	\$110	1992	0.15	100,10		Our Amenda I Tara Marin Balla Francisco De Carino
BJ Australia Bank	Aus 200	1992		100.15	_ <u>-</u>	Over 6-month Libor, Noncallable, Fees 0.15%, Denomina from \$250,000.  Below the 3-month Bank 50 rate. First coupon will be 0.46
FIXED-COUPON		· 		<u>:</u>		below the 6-month SSR. Redeemable at per on every coupor payment date. Fees 0.15%, Denominations Aus\$1 million.
All Nippon Airways	\$100	1997	9%	10114	97.25	Noncolloble, Fee: 7%
Coastal	\$ 50	1992	11%	10014	98.25	
Ford Motor Credit	\$250	1990	8%	101	99.75	
Inf I Finance Corp.	\$ 50	1997	9%	100		Noncollable private placement, Denominations \$100,000.
Bank of Greece	DM 150	1992	5%	100	99.20	
Rhone-Poulenc	DM 150	<u>199</u> 5	61/2	100 ;	99,25	Noncollobie. Fees 29%.
Commercial Finance Parbelux Finance	m. 50,000	1992	10%	100	97.88	Noncollable. Fees 1%%.
Fuir-Bonk	DK 300	1993	10%	1001/4	98.38	140,000,100,174
(Luxembourg) Région Rhône-Alpes	ECU 40 	1992	7%	101%	99.80	THE PERSON NAMED IN COLUMN NAM
Telesat Canada	C\$ 75	1994	7%	100%	99.80	
Hamburgische	Aus\$ 75	1992	Zero	5434	99.75 57.90	
Landesbank					52.88	Yield 13,38%. Noncollable, Proceeds Aus\$40,5 million, Fees 136%. Denominations Aus\$10,000.
EQUITY-LINKED						
Asics	\$ 50	1992	open	100	99.00	Coupon indicated at 2%. Noncollable, Each \$5,000 note with one warrant exercisable into company's shores at an expect- ad 29/% premium. Face 25/%. Terms to be set June 3
Coeur d'Alene Mines	\$ 50 ——	2002	6	100	98.50	
Daiichì	\$100-	1992	open	100	99.00	<del></del>
Daiwa House Industry	\$300	1992	open	100	106.50	Coupon indicated or 1966. Noncellable, Each \$5,000 note with one warrant exercisable into company's shares of an expected 294% premium, Fees 26%. Terms to be set June 2.
Eagle Industry	\$ 17	1992	open	100	96.00	Coupon indicated at 1%%. Noncollable, Each \$5,000 note with one warrant exercisable into company's thores at an
Encason	\$ 60	2002	open	100	99.00	expected 21/% premium. Fees 21/%. Terms to be set June 2.  Coupon indicated at 61/5 to 7%. Convertible at an indicated 18 to 22% premium. Fees 21/%. Terms to be set June 1.
Fukuoka Sogo Bank	\$ 50	2002	open	100	102.00	Semiannual coupon indicated at 14%. Convertible at an
Hyogo Sogo Bank	\$100	2002	open	100	102.00	expected 5% premium. Fees 21/%. Terms to be set June 4.  Semionnuol coupon indicated at 14/%. Convertible at an expected 5% premium. Fees 21/%. Terms to be set June 4.
Kyowa Hakko Kogyo	\$150	1992	1%	100	110.00	Noncolicible. Each \$5,000 note with one warrant exercisable into company's shares at 2,194 year per share and at 142.75 year per dallar. Fees 214%.
Mitsubishi Petrochemical	\$150	1992	open	100	105.75	Coupon indicated at 14%. Noncollable. Each \$10,000 note with one warrant evertisable into company's shares at an expected 24% premium, Fees 24%. Terms to be set June 4.
Mitsubishi Plastics Industries	\$ 50	1992	open	100	107.00	Coupon indicated at 199%. Noncollable, Each \$5,000 note with one warrant exercisable into company's shores at on expected 299% prenium, Fees 249%. Terms to be set June 1.
Ogden	\$ 85.	2002	6	100		Convertible of \$79% per shore, a 16.42% premium. Fees
Seika	\$ 32	1992	2	100	100.00	25/%
			·- <del>-</del>		· ——	Noncollable. Each \$5,000 note with one warrant exercisable into company's shares at 462 year per share and at 145.05 year per dollar. Fees 24%.
Sekisui Plastics	\$ 40 	1992 	орел	100	100.00	Coupon indicated at 1%%. Noncollable, Each \$5,000 nate with one warrant exercisable into company a shares of an expected 25% premium. Fees 24%. Terms to be set June 4.
Shinetsu Chemical	\$100	1992	орел	100	105.00	Coupon indicated at 11/1%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 21/2% premium. Fees 24/2%. Terms to be set June 3.
Shiroki	\$ 35	1992	open	100	100.00	Coupon indicated at 2%. Noncollable. Each \$5,000 note with one warrant exercisable into company's shares at an expect- ed 21/% premium. Fees 214%. Terms to be set June 1.
Sumitomo	\$400	1992	IV.	100	•	Noncolicible, Each \$5,000 note with one warrant exercisable into company's shares of 1,230 year per chairs and at 144.55 year per dollar. Fees 24% Increased from \$300 million.
Takara Standard	\$ 50	1992	open	100		Coupon indicated at 13%. Nancollable, Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium, Food 25%. Terms to be set June 3.
Tabu Railway	\$700	1992	open	100 1	04.00	Coupon indicated at 13/%. Noncaflable, Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium. Feet 216%. Terms to be set June 4.
Toei	\$ 50	1992 d	pen 1	00 9	8.50 C	Coupon indicated at 14%. Nancallable. Each \$5,000 note into company's shares at an inth one warrant exercisable into company's shares at an inpeded 24% premium. Fees 24%. Terms to be set June 2.
Tokyo Rope Manufacturing	\$ 50	1992 o	pen 10	00 97	7.75 C	oupon indicated at 25%. Noncallable, Each \$5,000 note its one warrant exercisable into company's shares at an pacted 25% premium. Fees 21%, Terms to be set June 2.
Toppan Printing	<b>\$300</b> 1	992 op	pen 10	0 100	).75 Co	support indicated at 114%. Noncallable, Each \$5,000 note the one various exercisable into company's shares at an acceptable VMX premium. Fees 21%, Ferms to be set June 3.
akult Honsha	\$ 80 1	992 op	en 100	) 102	2.50 Co	upon indicated at 196%. Noncestable. Such \$5,000 note in one warrant exercisable into company's states at an sected 297% premium. Fees 297%. Terms to be set June 4.
YARRANTS						

# Czechoslovak, Hungarian Loans Put East Bloc in Spotlight

By Carl Gewirtz onal Herald Tribune

PARIS — Eastern Europe took bloc country while Hungary ac- Poland.

cepted an increase in its loan costs. Czechoslovakia used its status as an infrequent borrower and the countries. Hungary has made esleast indebted country in the area to achieve a lower cost of linance debt burden in 1981-86. By the end than even the Soviet Union, which of 1986, debt and debt-related indibankers regard as the most creditworthy of the East-bloc nations.

Bankers grudgingly acknowledged that the terms were fair, albeit aggressive. But they said the reduction in charges was also part. tolerable limits," a situation not ly a show of force by the lead man- expected to change unless there is ager, Creditanstalt of Austria, an improvement in its trade comwhich opened a representative of petitiveness. fice in Prague last week.

tion for Economic Cooperation participating banks. and Development estimate The increase in the interest Czechoslovakia's gross debt in con- charge is ostensibly being ascribed vertible currencies last year at \$4.5 to the larger size of the loan, double billion and its net debt (after sub- that of the previous operation. In

suring interest and amortization ternational borrowing this year payments in relation to export but few take that to mean it will be earnings) is the lowest in the area. the country's only borrowing. Industrial obsolescence, slow economic growth and contracting the heavyweights of the world market shares for its exports are Morgan Guaranty (an infrequent major problems that are expected lender to Easter Europe), Deutsche to lead to a more active interna-tional borrowing program, but tional Westminster and Longeven with that anticipated pick-up Term Credit Bank of Japan.

By Michael Quint

New York Times Service

NEW YORK - Note and bond

Japan's announcement of a ma-

jor new economic stimulus package

with more government spending

and lower taxes helped bolster

U.S. CREDIT MARKETS

hopes that the dollar might contin-

Fluctuations in the dollar con-

bond markets, where traders and

are discouraged from buying more

The dollar appears to be in trading range that can be held at least until after the June economic

May 29

£#1 %

6.05 %

U.S. Consumer Bata

ge, FHLB av

Noney Market Funds SandShue's 7-Day Average

Source : New York Times

American bonds.

tinue to be closely monitored in the ports.

marks.

prices rose modestly Friday as

credit market participants were encouraged by prospects that stabil-ity in the dollar might continue.

Prices Up on Expectation

ne trading at about Friday's rate of dollar. Stronger economic growth 143.75 yen and 1.82 Deutsche in Japan would raise demand for

investors assume that weakness in 8% percent Treasury bonds due in

the U.S. currency portends lower 2017 - a benchmark issue that sets bond prices. They worry that de-clines in the dollar result in more and mortgage rates—rose about %

inflation as prices of imports rise at point and were offered at 101 7/32, the same time as foreign investors to yield about 8.64 percent.

Of Stability for Dollar

Hungary, by contrast, is the arcenter stage in the international ea's third-largest debtor - behind credit market last week with Poland and the Soviet Union -Czechoslovakia setting a new low but the key debt service ratio, at 60. on borrowing charges for an East- is second only the 67 scored by

> A recent OECD report observed that "unlike other East European sentially no progress in reducing its

#### INTERNATIONAL CREDIT

The terms on its \$400 million Czechoslovakia will pay 1/2 point, loan are designed to reflect this or 121/2 basis points, over the Lon- deterioration in credit standing. Indon interbank offered rate for its terest on the eight-year loan is set at \$200 million, 10-year loan. The % point over Libor. It previously lowest charge for the Soviet Union paid 1/4 point over Libor. Front-end to date has been % point over Libor fees total a hefty 72 basis points, for eight years. Front-end fees are with 12 basis points paid on the about identical at 35 basis points. underwriting commitment and 60 Data published by the Organiza- paid on the actual amount taken by

tracting deposits with Western an effort to create an aura of scarcibanks) at \$3.4 billion.

an effort to create an aura of scarcity, the Hungarians are also saying ty, the Hungarians are also saying Its debt service ratio of 20 (mea- that this will be their principal in-

The banks arranging the loan are

summit," said Thomas Campbell, a

vice president and foreign ex-

change trader at the First National

Bank of Chicago. He said that trad-

ing in the foreign exchange market had been quiet the past few days,

and the dollar could move up or down this month, depending on

results of the meeting of industrial-

ized countries June 8-10 and the

U.S. trade data for April to be

The Japanese fiscal package is

part of the prescription economists say is needed to help reduce the U.S. trade deficit and stabilize the

imported goods, and lessen the reli-

Late Friday, the closely watched

ance of Japanese companies on ex-

published June 12.

# the debt burden is expected to remain modest. A further easing of foreign ex- \$250 million, partly new money change controls in France, lifting and partly refinancing existing the requirement that foreign funds debt at lower terms for a longer

be borrowed for at least one year, is expected to open the international The state company will also have market to a wider array of compa- what bankers call a "letter of comnies than the state entities that were fort" from the government assuring usually able to get an exemption that Lisbon will maintain the infrom the rule.

This week, the publishing group Hachette is expected to tap the market for a \$150 million multioption facility combining features of a domestic loan and an internation-

The company will be able to draw the line in francs, dollars or other foreign currencies. In addition, it may use the line to back the join the loan. It paid 15 basis points sale of commercial paper, either in francs in the domestic market or in dollars internationally.

manage its treasury needs, the comand thereby lowering its overall charges are set at Libor with utilibor. Libor. Vacable Lyonnais zation fees starting at 5 basis points. In the and Chase Manhattan are arrang- and rising to a maximum of 121/2. way appointed Salomon Brothers, ing the facility.

dustry. A year ago, CNP went into the equivalent of voluntary liquidation and is only now re-emerging to

from the borrower urging that they up to ¼ percent. over Liber for eight years.

whatever market is cheapest 614 basis points and drawing ted to lend funds at 14 point over

This week should also see the is also expected to raise its \$250 man Brothers and Chase Manhat-Portuguese petrochemical compamillion loan by \$50 million. Intertan as dealers to market up to \$350 ny CNP come to the market for est on the 10-year loan is the lowest million of short-dated paper.

yet for a conventional, non-taxsparred deal (about \$11 million of Nalco's operation is targeted as a tax-sparred loan with Belgian banks). Interest on the conventional portion is 1/4 point over Libor for

the first six years and then % point over Libor. The last Indian transaction carried a 1/4-point margin over Libor for only three years.

News Corp. of Australia is seeking \$125 million for live years with EdP, Portugal's electricity utility, last week completed its loan for interest set at ½ point over Libor the equivalent of \$340 million, but for the first two years and % point bankers report that it was not an over Libor thereafter. The commitcasy transaction. A number of ment fee on undrawn sums is % hankers said they had received calls percent and front-end fees range

Peel Holdings of Britain increased its facility to £50 million Montedison's request for \$200 from the £45 million initially indimillion was oversubscribed and the cated. The credit, intended to back-By creating one credit line to Italian chemical giant is expected stop the sale of commercial paper to increase the size to \$250 million. bears an annual facility fee of 121/2 pany gains flexibility in moving It is paying an annual facility fee of basis points and banks are commit-

> In the CP market, Statoil of Nor-India's National Aluminum Co. Swiss Bank Corp. Shearson Leh-

NOTICE OF REDEMPTION



#### European Investment Bank US\$ 100,000,000

91/8% 1978-1993 Bonds

NOTICE IS HEREBY GIVEN that, in partial satisfaction of the redemption provisions of the Terms and Conditions of the Bonds, the Issuer has purchased USS 7,999,000 principal amount of Bonds to be redeemed on July 1, 1987. In order to complete the annual sinking fund installment of July 1, 1987, the Fiscal Agent has selected US\$ 2,001,000 principal amount of Bonds, bearing the following Serial Numbers, for redemption and payment on July 1, 1987 (the "Redemption

70m 0001 9097 0171 0196 0212 0239 0252	To 0091 0160 0188 0205 0228 0246 0288	From 0662 0692 0770 0777 0806 0820 0845	To 0671 0741 0761 0806 0817 0833 0855	From 1171 1201 1278 1318 1379 1391 1398	To 1198 1266 1313 1374 1380 1394 1400	From 1704 1714 1719 1784 1787 1750 1777	To 1711 1715 1722 1735 1742 1767	From 2217 2257 2334 2371 2401 2444 2517	To 2222 2331 2356 2388 2428 2501 2574
1239	0246	0820	0833	1391	1394	1750	1767	2414	2501
1294	0310	0858	0968	1398 1431	1400 14 <b>69</b>	1777 1796	1789 1797	2517 2576	2574 2607
)330	0349	0871	0594	1471	1482	1818	1827	2524	2637
)351	0360	0899	0913	1487	1519	1829	1859	2643	2687
)363	0394	0919	0982	1525	1531	1891	1898	2689	2712
)401	0411	0941	0945	1535	1554	1928	1942	2719	2733
1417	0421	0950	0952	1580	1582	1949	1952	2736	2740
1429	0452	0970	0973	1584	1585	1959	1976	2742	2774
1466	0471	0989	1044	1587	1588	1982	2002	2778	2801
1484	0496	1075		1624	1643	2014	2045	2814	2891
1501 1520	0605 0615	1098 1159	1155 1161	1646 1688	1658 1702	2057 2120	2069 2209		

The Redemption Price of 100% of the principal amount of the Bonds to be redeemed will be paid on or after the Redemption Date upon presentation and surrender of the Bonds, together with all coupons maturing after July 1, 1987, at the office of the Fiscal Agent or any of the Paying Agents listed therein. The coupons maturing on the Redemption Date should be submitted for payment in the usual manner. On and after the Redemption Date, interest on the Bonds hereby called for redemption shall cease to accrue.

> European American Bank Fiscal Agent

and grants for investment projects

and sector-related programmes in

Nearly all of KfW's loans are secured

by Federal or state guarantee, pledge

As a major source of long-term funds

or mortgage or commercial bank

KfW issues highest quality bonds.

notes and Schuldscheine. Last year

bonds and other debt instruments.

KfWs close relationship with the

debt has been rated "Triple A"

More Information

available upon request.

by both of the US rating agencies.

alone it issued over DM 10.4 billion in

Federal Government makes its credit

standing virtually equivalent to that of

the Federal Republic. kfW's long-term

A copy of KfW's 1986 Annual Report is

developing countries.

guarantees.

Highest Quality Bonds,

**Notes and Schuldscheine** 

June 1, 1987

# another very successful year

# EUROBONDS: The U.S. Currency's Rebound Spreads Cheer in Markets

Credit Suisse First Boston, "is a period of stability for the dollar which removes the immediate risk

Berliner Handels-und Frankfurter Bank

of sharp exchange rate losses." A big uncertainty is what the Japanese do. The Ministry of Finance's request for daily foreign exchange reports has halted curren-. cy speculation. But as Western Eutope becomes increasingly hostile to the rising flow of imports from pan there could be a retaliation on the currency market pushing the mark up against the dollar and the yen. It has already risen against the yen, currently at 78.99 yen, up from

77.52 at the end of April. While last week's events fueled a rally in the U.S. domestic bond market, cutting yields on long-term bonds to some 40 basis points below their recent peaks, the buying was restricted to the huge, liquid domestic market. That set a better mood in the dollar sector of the Eurobond market, but there was

ford offered \$250 million of three-year notes — a short maturity that investors favor. But the size of he issue was large relative to the light demand and the pricing, while dequate at some 68 basis points ever the yield on comparably dated U.S. Treasury paper, was not compelling. The paper ended the week at a discount of 1½ points, just outside the 1% percent commission paid to underwriters.

This was a sterling performance compared with 10-year bonds offered by All Nippon Airways. The paper was priced at some 78 basis points over Treasury yields, not enough to compensate for the long maturity and it ended the week down 3% points — well outside the

2 percent underwriting fees.
Coastal Corp., a Texas-based energy company, offered \$50 million of five-year paper priced at 300 basis points over Treasury yields a reflection of its junk bond sta-tus. The company's debt is rated double-B, a notch below the cate-

investment grade.

The low rating and the small size tells you that this is a public

dous appetite from retail investors premium, as was Shinetsu Chemifor high coupon bonds — as shown by the continuing demand for Aus-tralian dollar paper — bankers questioned whether the Coastal issue signaled an opening of the dollar junk-bond market here.
In the nondollar markets,

with the shorter five-year paper

lire. The pound remained out of favor as investors awaited the outcome of the coming election and the possible post-election entry of the pound into the European Mon-

nese companies.

price soured to more than 104 and of 14 percent.

There were scattered rumblings bankers said that there were no cancellations of orders.

The star performers of the week were Kyowa Hakko, a high-tech pharmaceutical company whose \$150 million of 1% percent bonds issued at par climbed to 110, and Tobu Railway, whose \$100 million of bonds expected to bear a coupon

The expected boom in the hous-

Warrants giving the right to buy \$500 at a fixed exchange rate of 1.82 marks per dollar.

ing industry gave a boost to Daiwa issued private placement, giving the company the publicity of doing a deal," said one London banker.

House Industry, which traded at a premium of 6½ percent.

Mitsubishi Petrochemical was in demand, trading at a 54 percent However, in light of the tremen-

> cal, with a 5 percent gain. Not all the issues had such easy sailing. Yamaichi Securities, lead manager of a \$50-million bond for Asics, a sporting goods maker, bought back in price support operations more bonds than it had ten-

300 million DM of bonds issued by tatively allocated to underwriters. the Bank of Greece found favor By the end of the week, Yamaichi was refusing to assure underwriters better received than the eight-year portion.

Bankers reported very little de
how much paper they would finally receive. This could set the stage for a wicked bear squeeze if banks that mand for paper denominated in sold paper they do not have are European currency units or Italian forced to cover their short sales by buying paper from the lead manag-

Overall, Japanese warrant-bond issues have been the most profitable part of the Eurobond market so far this year. Underwriting fees The real action last week was in of 21/2 percent are larger than on the equity linked sector, which saw straight bonds and the paper is an avalanche of issues from Japa- most often sold at a substantial

Bankers report that the bulk of Sumitomo, which a week earlier offered \$300 million of bonds car- the stock warrants wind up in the rying an indicated coupon of 1% hands of Japanese investors. For percent, increased the amount to the past months foreigners have \$400 million as the when-issued been net sellers of Japanese stocks. Net sales in April totaled \$1.98 then cut the coupon to a record low billion, down from the \$2.9 billion recorded in March.

Bankers Trust last week showed about greedy pricing as the paper what happens to the low-coupon settled down to a price of 99, but warrant bonds after the stock options have been detached. It amassed at very substantial dis-

Sweden Grants Vietnam Aid

Agence France-Presse BANGKOK -- Sweden is giving Vietnam 600 million kronor (\$95 million) in aid for 1987-89, the of 1% percent, traded at 105. To- Victnam News Agency said Saturbu's attraction is its huge land day in a dispatch monitored here.

gory that is considered the lowest holdings available for develop- counts \$159.8 million of Japane bonds — 89 percent of which were either rated triple-A or guaranteed by a bank — and with a swap repackaged the paper into a \$110 million of five-year floating rate notes bearing interest at 15 basis points over the London interbank offered rate.

With Citicorp and Chase increasing their loan-loss provisions and increased concern about developing countries' ability to continue servicing their debt, FRNs of U.S. banks again came under pressure. Traders said that subordinated paper was the worst hit.

This in part is said to explain the popularity of the repackaged Japa-nese bonds into an FRN. The bank guarantees backing the bonds are the equivalent to senior debt of the banks and therefore less risk for

# Treasury Bonds

TOVAZU GITGERZ	TOUG .3.	ZMOITA
Bitter Corp. Chiron GoodMark Foods MAG Holdings NAV.AIR Spectrodyne	33½ 33½ 14 3¾ 3½ 43%	ASK 1% 33½ 14½ 3% 3% 43%

WITH COMPLIMENTS OF

CONTINENTAL AMERICAN

# KfW 1986 - Summing up Promoting the German Economy and Developing Countries

Highlights of KfW's Balance Sheet billion DM 1986 1985

**93.6** 85.8 Balance sheet total **86.0** 79.1 Loans granted Banking liabilities 67.7 Bonds

3.5 Capital and reserves

KfW's activities in 1986 again focused on the promotion of the German economy, with emphasis on small and medium-sized enterprises, environmental protection, and the export industry. Development assistance funds appropriated by the Federal Government were increasingly used to finance small-scale projects in Africa.

Although the Bank's activities to promote the economy are performed essentially at the expense of its earnings, KfW's net income again rose considerably to DM 163 million in 1986.

## Promoting the Domestic Economy

3.3

From a lending volume of DM 9.8 billion the majority of DM 6.2 billion went to small and medium-sized enterprises. Loans for environmental protection measures accounted for DM 1.9 billion, loans to facilitate structural adjustment in various sectors for DM 1.7 billion.

In the field of export finance, kfW granted DM 2.5 billion in medium and long-term loans for supplies of ships, aircraft, other capital goods and industrial plant.

#### Promoting the Economies of the Developing Countries

**KFW** Kreditanstalt für Wiederaufbau

In its capacity as the German Federal Government's development bank KfW committed DM 2.4 billion in loans

KfW Kreditanstalt für Wiederaufbau P.O.Box 111141 D-6000 Frankfurt am Main 1 Federal Republic of Germany

Telephone: (69) 74 31 25 52 Telex: 411352 Reuters Monitor Pages: AVJZ, AVKA

Fully backed by the Faith and Financial Strength of the Federal Republic of Germany

supplying grants to builders. where numery new approximations where

on the dollar, and discuss what ac- We'll write that into the communition, if any, to take,

The countries have already put into effect one feature of the broader concept of policy coordination. They have been setting ranges for currency exchange rates, a partial step back to the system of fixed exchange rates that prevailed from 1944 until the early 1970s.

yen to the dollar was established at a currency, the country usually had a meeting of Mr. Baker and the to make hard adjustments in eco-Japanese minister, Kiichi Miyazawa, last September, and it held for several months. New ranges for the yen and for the Deutsche mark were set at a seven-country meeting in February. The ranges were reconfirmed in April. and despite periodic turbulence,

those ranges are holding. For all this progress, the most important component of an attempt to coordinate economic policies has yet to be demonstrated: a willingness to alter fiscal policies.

governing taxation and spending. So far, the countries have been willing only to alter monetary policies, mainly interest rates. In the year that the ministers have been working together, the three key countries, the United States, Japan and West Germany, have rebuffed appeals to act on fiscal policies.

Washington wants Bonn and Tokyo to stimulate domestic growth hy cutting taxes and raising domestic spending and investment. This would reduce their reliance on the exports that have contributed to the gaping U.S. trade deficit, and might mute the protectionist chorus in Congress. West Germany and Japan, like the other countries at the table, want the United States to do the opposite - raise taxes and so reduce the budget deficits that they believe cause the trade problem, among others.

A witness to the ministerial meetings, who, like others, spoke on the condition that he not be named, described an example of these conflicts in the meetings.

The IMF, he said, might argue that growth in West Germany and uon," said an economist who pre-Japan is slow and inflation under control, so conditions permit cutting taxes or increasing public falling which he said "created an spending or taking other actions to air of euphoria, persuading the foster domestic growth.

"Stoltenberg says, I think the IMF problems as well. is being much too cautious. My forecast is much better and we put cellor of the Exchequer, "does all very high priority on price stability the talking for the British" and and besides we're politically com- takes great interest in editing the mitted to what we have. And the communiques, a participant said. Japanese say, 'We cannot pass our present budget, and I have some minister, Michael Wilson, is an afsympathy for what you are saying fable but infrequent participant. but that's not the mood in Japan while Italy's Giovanni Goria is

and I cannot do anything."

"And the IMF says, The United States ought to reduce its budget an economist at a central bank, deficit. That's absolutely funda- "the world economy is better off mental.' And Baker says, 'I certain- because they are aware of the imly agree with that! I'm all in favor plications of doing nothing.

(Continued from first finance page) of reducing the U.S. budget deficit.

The nations believe that nothing would work any better than the system they are trying to develop. Three times — from 1879 until 1914, in the 1920s, and after World War II - countries tried to link management of the world economy to gold prices. If inflation in a A range of 150 to 160 Japanese country rose, lowering the value of nomic policies.

> The gold-based systems collapsed in World War I, during the Depression, and during the inflationary burst of the late 1960s. when countries found such policy changes too onerous to make.

In the periods between the goldbased systems, countries usually allowed their currencies to "float" in the marketplace. Currencies began floating in the early 1970s when the nations rejected the belt-tightening policies required to stop inflation.

Finance ministers from the United States, Japan, West Germany, France and Britain convened periodically then, but they never made communiques. They mostly "talked, ate and drank sherry," said one. Karl Otto Pohl, the West Ger- structure. man central banker, has said that when other countries were con-U.S. position was, "It's our currency and your problem."

Two years ago, attitudes changed as the dollar's rise began penalizing the U.S. economy and momentum began building for pro-tectionist legislation. These factors persuaded Mr. Baker that the dollar had become a liability.

The Group of Five - without Canada and Italy — began laying the plans that led to the Plaza Hotel agreement on Sept. 22, 1985, saying that that they would work to push down the dollar, which by then had already begun to slide.

"That was an ad hoc step toward this process of policy coordinapares materials for the group's ecocountries that they could collabo-'So," the witness recounted, rate in dealing with more complex

> Nigel Lawson, Britain's Chan-Witnesses say Canada's finance among the more loguacious.

"Even if they do nothing," said

# Spot Oil Prices Could Fall After OPEC Meeting

NEW YORK --- Plans by OPEC ministers

at their Vienna meeting in late June to press for agreed upon output increases while keeping prices tied to an \$18 a barrel benchmark could mean falling spot oil prices later this year, oil industry analysts say.

Recent statements from several OPEC countries, including the group's largest pro-ducer, Saudi Arabia, indicate that the \$18-abarrel benchmark agreed to at OPEC's meeting last December will be left unchanged.

But analysts point out that if the Organization of Petroleum Exporting Countries goes ahead with plans also reached in December to increase oil production later this year, the recent fall from highs of almost \$20 a barrel for spot oil almost surely will continue. Partly in anticipation of such increased

output, the U.S. benchmark crude. West Texas Intermediate, lost 40 cents a barrel last week to fall as low as \$19.25. It closed Friday at \$19.38 for July delivery.

After the December meeting, when delegates crafted a production accord limiting output to 15.8 million barrels a day and mandated a return to fixed prices, oil prices went on an extended five-month rally, gaining more than \$5 a barrel.

But that accord also set provisional ceilings of 16.6 million barrels a day for the third quarter and 18.3 million barrels a day in the

Analysts emphasize that OPEC's tendency in the past to produce more than the mandated quota foreshadows lower prices.

OPEC says "their quota is 15.8 million barrels per day in the second quarter," said Albert Anton, an oil analyst with Carl H. Pforzheimer & Co., "but that really means they are producing about 16.6 million barrels a day when you count Iraqi production" and the Kuwaiti Neutral Zone

"if they follow the December agreement to increase quotas." he said, "it will hike output

to 17 to 17.5 million barrels a day and markets cannot tolerate that."
Analysis said if OPEC had given up on an official price increase and wished to prevent

turn its attention to curbing production. There is a clear majority within OPEC which does not want the prices raised for the rest of the year," said George Friesen, an analyst with Dean Witter Reynolds Inc. At the head of the coalition supporting

further erosion in crude prices, then it must

stable prices sits Saudi Arabia, whose King Fahd said last month the he wanted prices stable for at least two years. Analysts said the Saudi position is not likely to change or be

Sanford Margoshes, an oil industry analyst with Shearson Lehman Brothers Inc. in New York, said he expected OPEC to push production toward 17.5 million barrels a day in the third quarter, but without necessarily eroding spot prices because demand may increase to take up the slack.

# SANOFI: Elf Subsidiary Credits Flexible Structure for Unabated Growth

(Continued from first finance page) noteworthy agreements or issued company's extraordinary aptitude for timely and profitable investments is Sanofi's decentralized

Designed to maintain a careful balance between freedom to macerned about the roaning dollar, the neuver for divisional managers abroad and a cogent policy-setting headquarters in Paris, it is Sanofi's unusually flexible management structure that accounts for the company's rapid expansion and di-

"Every sector manager is also a member of the company's general management team. Mr. Dehecq explained. With this system in place, one of our managers who is on the spot in Brazil, for instance. can spot a good investment and seize it on his own initiative. It then becomes his or her problem — he must see that it works."

Ironically, some of Sanifi's competitors view the company's comparatively liberal organization as being to their advantage.

The director of marketing strategy for Rhône-Poulenc. France's largest pharmaceutical producer and Sanoti's chief domestic rival. said Sanofi's lack of disciplined and tightly regulated international management was its primary weak-

"We have a good deal of respect for Sanofi," he said. "They are a young company that has done much in a short time. But we don't consider them a major threat to our business. They simply are not as well equipped on an international level as many other companies in the industry. They do not dominate any market now and probably won't for some time."

Mr. Sautier agrees, almost. "It has never been our intention

efforts only on very particular arturn out second-best products just in order to gain a bigger stake in a field as a whole."

Sanofi's interests in the seed and grain industry, for example, are fo-

cused almost exclusively on refin-Health research 'is imperative for the

future. And if you know what you're doing. it can be profitable as well."

ing a particular hybrid sunflower Sanofi took control of Dahleren & said. "It wasn't just the two of us" Co., a U.S. sunflower seed produc-

Dahlgren's annual profits there-upon jumped 5 percent to \$22.5 Sanofi, whi million. The acquisition also afforded Sanofi a commanding position in the world market for sunflower seeds. In addition to accommodating

Sanofi's omnivorous appetite for growth, its dynamic managerial ethic - which the bimonthly French business magazine L'Expunsion called "the briskly and brilliantly conducted policy of acquisition combined with incredible organization" - has proven itself in times of trouble as well.

In the first half of fiscal 1986, for instance. Sanofi reported a 17 percent drop in consolidated income compared with the previous year. primarily because of the sudden to dominate any market," he said. fall of the dollar. But by intensify-

management is set up, we all felt

— Jean-François Dehecq,

Sanofi vice president

the year, for an overall increase of 3

Sanofi, which employs more than 18,000 people in 20 countries. is divided into three principle branches: Health, bio-industries and perfumes/cosmetics. These are further divided into dozens of subsectors, which make products as diverse as a growth hormone for dwarfs to a test for the AIDS virus.

The AIDS test, known as Elavia. was developed jointly by the French company Diagnostics Pasteur, in which Sanofi holds controlling interest, and a U.S. company. Genetic Systems. It won U.S. Food and Drug Administration approval in 1986 and is now sold in the firm, is Sanofi's largest single United States and 60 other coun-

"Rather, we prefer to focus our ing an austerity program already international growth is investment under way and putting into effect in research and development. Saneas within a given market in which what Mr. Sautier referred to as "in- of, which consistently spends more we are the strongest. It won't do to stant-reflex measures" (namely a than the industry average in this area, budgeted 1.2 billion francs for more aggressive sales campaign), area budgeted 1.2 billion francs for Sanofi was able to post a net profit it in 1986, a 200 million franc inof 495 million francs at the end of crease over the previous year. "The effort to discover better

ways of treating such problems as "Because of the way our general strokes, cancer and nervous system disorders is imperative for the fu-ture." Mr. Dehecq said. "And if you know what you're doing, it can be profitable as well." Matched against the heavy em-

phasis Sanofi places on attaining relatively short-term objectives and maintaining flexible management Sanofi's plans for the future are strikingly general: Increasing inter-national sales, especially in the United States; increasing productivity; and continuing a commitseed for use both as a food product the hurden of deciding what the and for producing seed oil. In 1985 company should do." Mr. Dehecq according to Mr. Sautier.

"Some planning for the future is —he motioned toward Mr. Sautier important — it's something every — "who sat up here in this office company must do," he said, "but without the ability to adapt quickly and effectively to the present especially in a world economy that now can change overnight - there really is no future to speak of."

In keeping with its efforts to expand outside France, Sanofi, whose shares have been traded on the Paris Bourse since 1979, announced in April the sale of an international stock issue with shares priced at 100 francs each. The shares will be offered in all countries except the United States and France. Industry analysts do not view the

offering as signaling a move toward denationalization: though Elf Aquitaine, a government-controlled shareholder, with holdings of about 50 percent, it is expected to main-Integral to Sanofi's strategy for tain its stake at about that level.

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PEKING 16/20 JUNE 1987

LONDON

Caroline Nicholson

# Seoul to Permit Sales of Foreign Cars

SEOUL — As part of a program to ease trade tensions, South Korea has agreed to permit sales of imnorted cars on its domestic market for the first time since the 1960s. according to the Ministry of Trade

The ministry announced Saturday a trade liberalization program to ease import restrictions on 170 items beginning July 1. The items include foreign cars with engines of 1 000cc or smaller, and cars with

engines of 2,000cc or larger. South Korea has allowed the sale of foreign-made buses and trucks since 1984, but general sales of foreign cars have been severely limited since the early 1960s, when the South Koreans began making cars.
A ministry official, Roh Moon Of, said all the items would be subject to tariffs, but he did not say how large the tariffs would be.

tion list included engine parts, canned meats, electronic items, some steel products and textiles. Some U.S. officials have said some steel products and textiles.

Seoul had been asked by Washington to liberalize trade in 46 of the 170 items in an effort to lessen friction between the two nations. South Korea is the sixth largest

cent of its exports go to the United The ministry said nine of the items mentioned by the United States were being liberalized ahead

U.S. trading partner. About 40 per-

ministry said the previously announced liberalization of three anthracite coal products had been reversed to protect the South Korean

domestic coal industry. Other products on the liberaliza- lion last year. The United States products.

South Korea's trade surplus with the United States could grow to as much as \$10 billion this year. But South Korean officials say they are

trying to keep the surplus at the same level as in 1986. As the U.S. trade deficit continues to chimb, Congress has threatened protectionist measures against Japan, South Korea and

other U.S. trading partners.
In response, Seoul has announced such measures as a plan to buy \$2.62 billion worth of U.S. In another move, however, the products, including capital goods, raw materials, farm products and a

Less than two months before that announcement was made in late April, a South Korean buying South Korea's trade surplus with mission to the United States went the United States reached \$7.4 bill-home with \$2 billion worth of

# Den Norske Bank Calls Halt To Spree of Lending at 16%

OSLO — Norway's biggest bank, Den norske Creditbank, has announced that it will stop lending at present rates, because it has far

exceeded its loan estimate for this year. The move is likely to push Norwegian interest rates above 16 percent, already among the highest in the industrialized world. "This will apply to all new ordinary loans from Monday," the

bank's deputy managing director, Axel Dammann, said Friday. "But we will relend redeemed loans and we can lend at higher rates, or through foreign exchange." Mr. Dammann said the move was necessary because the bank was

obliged to deposit large sums with Norway's central bank as reserves "That is a heavy burden for us," he said. "It's common banking

sense. If you are lending more than you have on deposit, you have to do something."

He said the bank had lent one-and-a-half to two times more than the 10 billion kroner (\$1.5 billion) it had estimated for loans in 1987.

Mr. Dammann said he did not know how long the measures would last. "It's a question of market conditions," he said. "For now we just need budgetary discipline."

# BRAZIL: Nostalgia for an Inflation Rate of 220%

vious month's inflation. That actly the same thing?"
means that a company's expenses

As a result, sound financial man-

cent of their credits are already ny you are, you'll go bust," the funds, 30-day fixed-interest instrupared with just 6 percent a year nancial director is now more imago. Those dealing directly with portant than your production manindividuals are faring still worse. ager."
The number of bounced checks in April was 37 percent higher than a the "financial ring-around-a-rosy" year earlier. And at American Ex- has returned. With 30 days now press. 55 percent of local card hold-ers were 30 days or more behind in both individuals and companies

inevitable," one opposition con- and investments. Banks, on the gressman, Guilherme Afif Domin- other hand, must advertise and gos, said, recalling Brazil's decision compete intensely to attract these lion foreign debt. "If the president ernment's own huge borrowing has market an extra day or two, hoping declares a moratorium, why pushed up interest rates, the most to turn a huge profit."

(Continued from first finance page) shouldn't ordinary citizens do ex-

Thus, what is known in Brazil as must be agile in moving their liquid

Ch'90

profitable investments have been in two-year and five-year Treasury bonds with rates readjusted on a and cash outlays rise far more agement has suddenly become vital monthly basis. Other options inquickly than its income from sales. to the survival of many companies. clude "overnight" deposits, three-, If you don't manage your cash seven- and 10-day deposits on the tutions have reported that 30 per-flow, no matter how good a compabusiness consultant said. "Your fi-

With so many companies in trouble, investment in stocks is not attractive, and gold is viewed as a

good hedge against inflation. What is clear is that no one is making new investments in plant and equipment. "The only game in The increase in bad debts is cash between different instruments town is speculation," said an in-Even if companies have cash in hand, they hold off paying their payments on most of its \$108 bil- In recent weeks, because the gov- debts so they can play the money

# NASDAQ National Market

OTC Consolidated trading for week ended Friday. Sales in Net 100s High Low Close Chies

| Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | Second | S

Soles In 1905 High Low Close Ch's 1905 High Low Close Ch's 1905 High Low Close Ch's 1905 High 19 

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#### ACROSS

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sheepskin 13 Existent 14 Press wax 15 Pepys's sign-

17 Loathe 18 Thrust out 19 Revolves 21 Oak or elm

23 Waste 24 Cause of more fondness' 27 Fall flowers 30 --- Elum Lake Wash.

31 Worship 33 Wife of Abraham 34 Supplement 35 Viewpoint 37 Life story, for

41 Kefauver 43 Terminate 44 Spartacus and Turner

short

46 Tasks for 48 Send as payment 50 Writer

fashion item 53 Roles for Plummer

51 Fleering

56 Mind

62 Miracle

64 Printers'

65 Recolors

63 Kennel noise

measures

66 Comic Johnson

1 Historic period

**DOWN** 

2 lce-cream

3 Pilgrimage to

holder

Mecca.

6 Josh

7 Open

4 Beginnings

5 Arafat's go.

8 Hat for Mike

Hammer

mattress

9 Type of

10 Evaluate

11 Pub drinks

14 Calif. mount

16 Sheath of a

24 Perfume base 25 Pans with hot coals to keep sleepers cozy 26 Rub out 61 Cockcrow 28 Showers 29 Aped

20 Soviet news

blacksmaths 30 Broadway smash since 1982 — nous

36 Scare 39 Diarist John: 1620-1706 40 Half: Prefix 42 Philippine isle

45 Heyerdahl's pet duck 47 Japanese city hombed in W.W. 11 49 Wee 51 Where you live 52 Black, to

Byron 54 Glacial ridges 55 Twixt Aug. and Oct. 58 Female

kangaroo 59 Hindu incantations

New York Times, edited by Eugene Maleska.

# DENNIS THE MENACE



I DON'T MIND PLAYING HOUSE, BUT MARGARET IS SERIOUS!"

# JUMBLE THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee **BIASS GEALE** NOIMOD WHAT THAT FAMOUS ACTING STAGE ALSO. **COPERS** Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Jumbles, YODEL CAPON ZEALOT JUMPER Answer: That reckless chauffeur must have had a license to drive — — PEOPLE CRAZY

## WEATHER

MONDAY'S FORECAST — CHANNEL: Smooth, FRANKFURY: Cloudy, Temp. 19—10 (46—50). LONDON: Fair, Tamp. 20—10 (46—50). MADRID: Fair, Temp. 30—14 (46—50). MADRID: Fair, Temp. 30—14 (46—57). NEW YORK: Fair Temp. 31—21 (71—73). PARIS: Foir Temp. 21—11 (70—57) ROME: Cloudy, Temp. 21—12 (5—54). TEL AVIV: Not available. ZURICH: Fair, Temp. 20—10 (46—50). SANGKOX: Fair, Temp. 31—34 (91—75). HONG KONG: Cloudy. Temp. 29—15 (64—57). MANILA: Fair, Temp. 34—27 (71—81). SEQUIL: Rain, Temp. 27—14 (64—57). SINGAPORE: Truncerstorms. Temp. 31—26 (91—79). TOKYO: Fair, Temp. 27—16 (81—43)

# **SPORTS**

# **SPORTS BRIEFS**

# Senna Easy Winner of Monaco Grand Prix

MONTE CARLO (AP) — Brazilian Ayrton Senna easily won Sunday's Monaco weary Celties. With a history of Grand Prix as Frenchman Alain Prost failed in a bid for a record 28th Formula One victory. Prost dropped out with only two laps left after running third for most of the

Senna capitalized on the engine problems of Briton Nigel Mansell, who started from the pole position and ied for 30 laps before suffering a broken turbo.

Another Brazilian, Nelson Piquet, finished second, 33,212 seconds behind Senna, about their aches and pains Satur-

with Michele Alboreto of Italy third. Proof, who was seeking to better the record of 27 victories he shares with Jackie 117-114, to win the National Bas-Stewart of Britain, dropped out with engine trouble on the 76th lap. He never ketball Association's Eastern Conchallenged for the lead and was more than 50 seconds behind Senna when he pulled ference championship.

# Hoch Leader by 4 Strokes in Memorial Golf

DUBLIN. Ohio (AP) — Scott Hoch had a four-shot lead Sunday after the completion of the rain-delayed third round of the Memorial golf tournament. Hoch's 67 gave him a 54-hole total of 198, a tournament-record 18 under par. Hoch, who set the 36-hole mark at 131 in Friday's second round, broke the 54-hole record to 16-3 — all but the second round is the second round.

of 203 set last year by Hal Sutton.
Third-round play at Muirfield Village Golf Club had been suspended Saturday by thunderstorms. Only 18 players had completed play when the rain came, and the other 59 marked their positions and returned early Sunday to complete the third

round. The final 18 was scheduled for later Sunday.

Don Pooley had a string of five consecutive birdies en route to a 65 that moved him into second place at 202 early Sunday. Curl Byrum, who had equaled the successive league championships tournament record with a first-round 64, was the only other player within six since the Celtics of 1969. The Lakers strokes of Hoch; Byrum was at 204 after a 69.

# Solution to Friday's Puzzle L | D O R A J A R | C O A R E N A E L A N E L O N B A S E B A L L S T A D | U M S T R A T O S P H E R E DAB LYON POST ELECTOR BET BOTCH ACCRA MAT THECIRCULARFILE SALECHEMORTULIP

GET THIS STRAIGHT.

**PEANUTS** 

HELP 54

BLONDIE

ME, TOO

BEETLE BAILEY

MAKES YOU THINK

YOU CAN LOAF

LIKE THAT?!

ANDY CAPP

HERE

**GARFIELD** 

#### **Ouotable**

YOU WERE HANGING

TREE AND YOU SAW THE

UPSIDE DOWN FROM A

TREE EAT YOUR KITE ...

• Phil Garner of the Houston Astros, on the barrage of major-league was back at center for the Celtics. That allowed Kevin McHale, who in ozone layers, we've lost some of the had started at center in Parish's ionized particles, so there's nothing to place, to go back to power forward hold those balls back."

(LAT) against Rick Mahorn. The other hold those balls back."

Thomas, on fans in Milwaukee: "They scored 105 points in the previous know when to cheer and they know four games) and Danny Ainge on know when to cheer and they know four games) and Danny Ainge on when to boo. And they know when to drink beer — all the time. (AP) Islah Thomas.

That left Larry Bird on Joe Du-

Pirates, on the low attendance at Three series of matchup problems for the Rivers Stadium: "Sometimes you walk Celtics. Dumars, 6-foot-3 (1.90 me-out onto the field and you wonder if ters), was too quick for Bird, who is they've opened the gates."

IT WAS A

KITE-EATING TREE

# Celtics Get Past Pistons for Eastern Crown

BOSTON - Boston Garden

#### **NBA PLAYOFFS**

day and beat the Detroit Pistons,

Celtics' seventh-game playoff re-cord to 16-3 — all but three of the victories coming at Boston Garden, the sixth game of the 1985 final.

won both games against Boston in the 1986-87 regular season.

fine and one-game suspension in Game 6 for punching Bill Laimbeer, Former Brewer outfielder Gorman
 Detroit's Adrian Dantley (who had

R.J. Reynolds of the Pittsburgh mars, and it created the latest in a (LAT) 6-foot-9 (2.05 meters). Dumars had

by halftime.

The defending champion Celtics will face the Los Angeles Lakers in the league championship series, which begins Tuesday night in In-Saturday's result brought the

where they have a 93-3 record since losing to the Los Angeles Lakers in Boston is now one series away from becoming the first team to win

Robert Parish, who drew a \$7,500

I'D BETTER TAKE NOTES ..

MAKE ME FAMOUS!

OH?

THIS CASE COULD

9 points in the first quarter and 21 31-24, one of their two 7-point leads of the quarter. The rally began with The Pistons got off slowly, and an 18-footer by Thomas, and when trailed by 10-3 with 8:36 remaining it ended with a Dantley lay-up the in the first period. But they came Pistons had missed only 3 of 18 roaring back and by period's end led shots to outscore Boston, 28-14.

Detroit, which shot 59 percent for the half, held only a 56-55 advantage at intermission. The Celtic, were led by Bird, who scored 9 points in the first quarter and 19 in the half.

The Detroit offense stalled at the start of the second quarter, and Bird hit a seven-foot turnaround jumper with four Pistons hanging all over him to cut the deficit margin to three points. Although the Pistons led by seven with 8:23 left in the half, Bird and McHale, who scored 10 points in the second quarter, got Boston hack into the game.

After trailing by as many as sey en points, the Pistons rallied again to take an 80-79 lead after times periods. With eight seconds to go in the quarter, Dantley collided headon with teammate Vinnie Johnson while diving for a loose ball and suffered a concussion. Dantley who had 18 points, 10 in third period -was removed on a stretcher to Massachusetts General Hospital. Johnson went to the bench with an ice pack on his head.

Before Dantley's injury there was another auxious moment. Parish. who had been unable to finish the three games of the series, each time reinjuring his sprained left ankle. began to limp again. With 2:14 left in the third period and the Celtics ahead 79-74, he was replaced by Bill Walton — who had missed the en-nire series with a broken bone in his foot. But Parish returned for the final period with a retaped ankle.

Even without Dantley and John-son, the Pistons clawed their way into the game's final many to have the ball bounce Boston's way five times on one sequence with the score tied at 99. The ball finally was tapped to Ainge, who buried a 3-point shot, and the Celus were Cornered by Vinnie Johnson (15) and Adrian Dantley in Saturday's second period, Larry Bird passed deftly out of trouble. never tied again.

# WORLD STOCKS IN REVIEW / Via Agence France Presse

#### Amsterdam

Trading was sluggish on the Amsterdam stock exchange last week, as investors were reluctant to take a stand.

Turnover, in four sessions during a week shortened by a holiday, came to 3.366 billion guilders, against 4.951 billion, while the ANP-CBS general index finished at 287, compared with 286.8 on May 22. The undertone remained firm.

The index on Monday fell 0.2 points from Friday's close, although internationals held their ground mainly because of slight gains posted by the dollar. Tuesday was another slow day, with the market overcoming early losses in

response to a strong opening on Wall Street.
Despite gains on Wall Street and the continued recovery of the dollar, the market lost ground on Wednesday, while Friday's trading
— after Thursday's holiday — featured no pronounced movement.

#### Frankfurt

A stronger dollar boosted prices on the Frankfurt stock exchange by around 2 percent last week. Led by banks, automobile companies and capital goods issues, the Commerzbank index advanced 29.1 points to 1,759.6.
Volume of transactions in four days of trad-

ing came to 14.677 billion Deutsche marks. against 12.569 billion at the end of the previous week. The market was closed Thursday. In the automobile section, BMW gained 36

1,009.80, and Volkswagen 15 DM to end the Commerzbank was the exception among

banks, declining 1.5 DM.

#### Hong Kong

A favorable government report on the Hong Kong economy boosted sentiment in the market last week, propelling the Hang Seng index to two successive record highs before profittaking set in.

The market barometer closed at record highs of 2,942.92 points Wednesday and 2,950.81 Thursday before falling back to 2,919.70 Friday, for a weekly gain of 22.08 points. The broader-based Hong Kong index ended the week 13.46 points up at 1,883.09.

Average daily turnover rose to 1.02 billion Hong Kong dollars from 924.6 million dollars the previous week,

#### London

Sentiment remained nervous last week on the London exchange with many investors preferring the sidelines until results of the British

general election on June 11 are known. Shares made a dull start after holidays Monday in both Britain and the United States and were unsettled by opinion polls indicating a narrowing of the Conservatives' lead over op-

But values later regained ground, boosted by a more favorable showing for the Conserva-tives in the polls, better-than-expected trade figures for April and a firmer tone to the The Financial Times industrial share index

closed up 25.4 points on the week at 1,712.1 after its biggest one-day rise on Friday.

#### Milan

The Comit Index fell again last week in slack trading, sliding below 700 to close out at 694.92 points, down 9.82 for the week.

After an ebullient 1986, Milan stock prices have declined a total of 4.30 percent since the start of the year. A key factor, analysts say, has been uncertainty about political stability.

Last week's fail coincided with two items of

good news. Fiat announced a 64 percent rise in consolidated profits, and an internal squabble between the president of Montedison, Mario Schimberni, and the group's chief shareholder.
Ferruzzi, was reported to have been solved.
All the leading blue chips lost ground. Mon-

tedison was down 2.18 percent and its subsidiary META fell 3.05 percent, while Olivetti lost 2.8 percent and Fiat, despite its spectacular results, was down 1.81 percent.

#### Paris

The Paris Bourse, fueled by a stronger dollar, staged a pronounced recovery last week with the CAC index gaining 3 percent.

The index in four days of trading, rose from 421.4 on May 22 to 431.8. The exchange was closed on Thursday.

The dollar was fixed Friday in Paris at 6.0735. Gains by dollar boosted the franc

against the Deutsche mark and helped bring

Prices advanced 1.4 percent on Monday and another 1 percent on Fuesday as foreign investors, who had been major sellers in previous weeks, turned their attention to him chip is-

sues such as Pengeot and Thomson CSF.

The trend remained positive on Wednesday, when the index rose 0.6 pengest, but numed weaker on Friday, declaring 0.22 percent.

# Singapore

The holiday-shortened speek saw shares on the Singapore stock marker maintain their up-

Continued buying support took the Straits Times industrial index to an all-time high of 1,220.17 points, with identical gams of 6.47 points on Wednesday and Thursday, It was sargely aided by a government statement that the economy was likely to register annual growth of about 8 percent from 1988.

The larger part of activity was confined to a handful of speculative counters, and volume averaged 48 million units a day. All sectors of the market, with the exception of loan stocks, registered more gains than losses.

In the industrial sector, ACMA took the limelight on Thursday and posted an impressive 11-cents gain to 1.92, while UIC closed 12 cents higher at 4.40.

#### Tokyo -

Share prices surged ahead on the Tokyo Stock Exchange, with the 225-issue Nikkei, Stock Average closing Saturday at a recondition of 744.88. The Nikker's previous record was 24,729.03 year, set on May 15.

But the composite index of all common

stocks listed on the market's first section failed to break the previous record of 2,193.75 set on May 11. It closed at 2,146.26 yen, up 47.18 from the previous week.

A firm start Monday ceded to a bearish mood in midweek, but the market bounced back on Friday, reflecting the surge on Wall Street. The new nomic package amounting to 6 trillion yen (\$42 billion) announced by the Japanese government Friday to spur the economy also contributed to the rally.

Domestic-related issues such as construction and housing as well as export-oriented issues. such as Hitachi, Sony, NEC and Toyata, and large capital stocks, were actively bought.

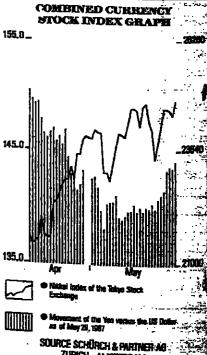
#### Zurich

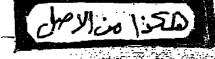
The Zurich stock exchange, in line with those in Paris and Frankfurt, last week emerged from a prolonged slump. The Credit Suisse index on Friday stood at 520.4, up from 516.6 seven days earlier.

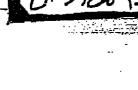
Stock market analysts attributed the turn around to an improved dollar and said that it the U.S. currency remains healthy this week the trend should be maintained.

But the recovery was not evident in the banking and finance section, Oerlikon-Burhle nominal shares lost 10 francs to finish at 270 while Zurich nominals fell 309 to 3,241.

In the chemical section, Ciba-Geigy bearer shares advanced 115 francs to reach 3.165 while among banks UBS rose 160 to 4,610 and Credit Suisse rose 70 francs to finish at 3,010.









WIZARD of ID WHATOO YOU WANT TO NOTMUCHOF TOU BOOTH BE WHEN YOU AGOAL ATTENDANT MYOWN GROW UP? HIGHWAY

WHAT'S

THAT

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C.B.F.H.

"COOKIE

BOX FROM

HOME"

















JOHN DAVES

SCORE

Di letter i i i

ANT: IAM

SOURCE SCHÜRCH & PARTNER AG ZURICH - AMSTERGAM

Page 19

# Yankees Down A's, 9-5, as John Wins 3rd Straight

Compiled by Our Staff From Dispatcher

NEW YORK — Willie Ranmajor leagues this season. dolph and Henry Cotto drove in three runs apiece Sunday to help Tommy John win his third straight ed 51/2 innings, allowing six earned start and lead the New York Yankees to a 9-5 victory over the Oakland Athletics.

The Athletics' loss broke the team's four-game winning streak John, 5-1, went six-plus innings,

allowing two rons on five hits. The veteran left-hander walked one and struck out none in gaining his 269th career victory to move into 26th place on the all-time win list ahead Baltimore's Jim Palmer.

Friend

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A's rookie firs: baseman Mark McGwire belted two solo homers. McGwire's third two-homer performance of the season gave him 15 homers for May. He also has an American League-leading 19 homers, leaving him one shy of the major-league record for homers over the opening two months of a season held by Mickey Mantle.

Dennis Eckersley, 3-4, making his second start as an Athletic, last-innings, allowed six hits, struck out

Randolph's two-run homer apped a four-run second inning for New York. With the score tied 1-1, Dave Winfield led off with a single and Mike Pagliarulo followed with a double, sending Winfield to third. Eckersley hit Joel Skimner with a pitch to load the

Bobby Meacham hit into a force at second, scoring Winfield with the go-ahead run. Cotto bounced out to short, allowing Pagharulo to score. Randolph followed with his homer to center field to make it 5-1.

Brewers 7, Indians 1: In Cleveland, home runs by Dale Sveum, Robin Yount and Greg Brock powered Milwankee over the Indians. The victory was only the Brewers' fourth in the last 22 games. Cleveland has lost six of its last The game drew 55,034, the larg- seven. Juan Nieves, 4-2, went 81/3

SUNDAY BASEBALL

five and walked five to get the vic-

Twins 9, Tigers 5: In Detroit, errors by second baseman Tom Brookens and third baseman Darrell Evans permitted two runs to score in a three-run eighth inning that sparked Minnesota over the Tigers in the first game of a doubleheader. Detroit had a five-game winning streak and nine-game home winning streak snapped.

Mariners 8, Orioles 5: In Baltimore, John Moses had four hits and Jim Presley homered to lead Seattle over the Orioles. Rookie Lee Guetterman, making his first start of the season, ran his record to 2-0 since being called up from Calgary on May 21. Moses, who has hit in five straight games and has 10 hits in his last 22 at-bats, had a complete a four-run sixth inning.

Astros 8, Cardinals 7: In the Naceral Perry singled in the winning run with two outs in the 10th inning run with two outs in the 20th inning run with two outs in the 10th inning run with run w triple and a double in his first two that propelled the Houston Astros 7-3, who replaced starter Doyle Al-

for the Mariners, who completed a three-game sweep of the Orioles.

Blue Jays 7, Angels 2: In Toron-to, George Bell homered for the Blue Jays and drove in three runs to back John Cerutti's four-hitter, sending California to its ninth straight loss. Toronto put the game away in the fifth inning with a five- of the season to snap a 2-2 tie and run outburst. The Angels, the defending American League West eight innings to lead Cincinnati champion, have won just twice in over the Pirates, extending Pittstheir last 14 games. The team is burgh's losing streak to six games. within two losses of tying its record for most consecutive losses set in 1974. Bell had 11 homers and 31 runs batted in during May, both

Toronto records for a month. appearances, then added a pair of over the Cardinals. Houston starter singles. He also stole two bases. Jim Deshaises, 4-2, pitched 5½ inover the Cardinals. Houston starter exander after nine innings.

Phil Bradley drove in three runs mings and needed the help of five and Presley, who hit his third relievers to earn the victory. Dave homer in two games, drove in two Smith went two innings for his eighth save. St. Louis starter Greg Mathews, 2-4, lasted 5 2-3 innings in making his first start since being recalled Saturday from the Cardinals' Triple-A affiliate, Louisville of the American Association.

Reds 5, Pirates 2: In Pittsburgh, Dave Parker hit his 12th home run Ted Power scattered seven hits over The Reds swept the three-game series and have won five of their last six games and nine straight at Three Rivers Stadium.

Braves 2, Cubs 1: In Atlanta.



PITTSBURGH - Eric Davis hit his 19th home run of the season, a grand slam in the third inning, and Bill Gullickson pitched a six-hitter over eight innings here Saturday night to help Cincinnati beat Pitts-

burgh, 6-2.
The 19 homers for Davis are a National League record for the months of April and May, breaking year, and Von Hayes tripled home as the Angels rallied from a 3-0 the mark of 18 shared by Fred Williams of the 1923 Phillies, Willie Mays of the 1964 Giants and Tony Perez of the 1970 Reds. The majorleague record of 20 was set by Mickey Mantle of the 1956 Yan-

Davis has four career grand slams and three in May, setting a league record and tying the major league mark for most in a month (shared by Detroit's Rudy York in 1938, Detroit's Jim Northrup in 1968 and Larry Parrish of Texas in

"It was a pitcher's pitch. I just went down and got it," said Davis of his home run. "Records are just something that comes with the game. I don't set goals. I don't put pressure on myself by saying I want to try to break records."

Davis is hitting .355 with 52 runs batted in. Manager Pete Rose doesn't know whether he can keep up current pace, but he can hope.
"If he does, I'll be the first to congratulate him when he hits his 80th home run," Rose said. The Pirates are suffering their

longest losing streak of the year.

Cardinals 3, Astros 2: In St.

SATURDAY BASEBALL

run double to cap a three-run thirdthird straight victory.

year, and Von Hayes tripled home as the Angels rallied from a 3-0 two runs to lift Philadelphia. The deficit to be the score. shutout was preserved by left field-ers Mike Easler and Greg Gross. White Sox 3, Red Sox 2: In Chi-cago, Harold Baines doubled home Easler leaped above the fence to Jerry Royster from first with two Easler in the eighth, and that in- ning streak of the season.

homer and drove home five runs to land. pace Montreal. The loss extended in Mariners 12, Orioles 0: In Balti-the Giants' losing streak to five more, Mike Morgan scattered sevstruck out 12 in seven innings.

pounded out a season-best 19 hits. Mets 3, Padres 0: In San Diego. Sid Fernandez scattered five hits in his first shutout of the year to lead

tory. The Padres have in a row, their longest skid since 1984. Brewers 6, Indians 5: In the American League, in Cleveland, B.J. Surhoff singled home Cecil

Cooper from second base with one

losing streak for Milwaukee, which had started the season 13-0.

Blue Jays 4, Angels 3: In Toronthat carried the Cardinals to their to, reliever Gary Lucas walked Rob Ducey with two out and the bases Phillies 3, Dodgers 0: In Los An- loaded in the 10th to lose the game geles, Kevin Gross struck out three for California. Toronto starter Jimand walked one for his second com- my Key took a no-hitter and shut-

snare Mike Marshall's home run out in 10th to give the White Sox bid in the sixth; Gross replaced their first three-game home win-

ning made a circus catch on the Athletics 4, Yankees 3: In New warning track of a Marshall drive. York, Tony Phillips hit a two-run Expos 6, Giants 4: In San Fran-double to complete a three-run cisco, Tim Wallach hit a three-run sixth-inning rally that lifted Oak-

games overall and eight straight at en hits in his second career shutout home. Winner Floyd Youmans and Jim Presley slugged two home runs to power Seattle. Dave Valle Cubs 11, Braves 6: In Atlanta, and Presley tagged back-to-back Shawon Dunston went 4-for-5 with homers off Eric Bell in the fourth to three RBIs and Jody Davis and give Morgan a 2-0 lead. Morgan Ryne Sandberg homered to help notched his second career shutout Chicago past the Braves. The Cubs and the first for Seattle this season.

Royals 12, Rangers 7: In Kansas City, Missouri, Bret Saberhagen became the first nine-game winner in the majors this season and Thad New York to its fifth straight vic- Bosley and Kevin Seitzer each drove in three runs as the Royals downed Texas. Saberhagen, who barely lasted the minimum of five innings needed to earn the victory,

Basketball

EASTERN CONFERENCE FINALS

mors 15-21 3-7 25. Thomas 10-26 5-7 25. Re-bounds: Defroit 53 (Loimbeer 12), Boston 51 (Parish 11). Assists: Defroit 23 (Thomas 9), Boston 28 (D. Johnson 11).

May 19: Boston 104, Detroit 91 May 19: Basion 104, Detroit 91 May 21: Boston 110, Detroit 101 May 22: Detroit 122, Boston 104 May 24: Detroit 145, Boston 105 May 25: Boston 106, Detroit 107 May 25: Detroit 113, Boston 105

NBA Playoffs



Tyson Flattens Thomas to Retain Heavyweight Titles

Pinklon Thomas struggled to regain his feet after being decked by Mike Tyson in the sixth round of their bout Saturday night in Las Vegas as his trainer, Angelo Dundee, right, leapt into the ring to stop the fight. Tyson, at 20 the youngest heavyweight champion ever, knocked out Thomas, 29, with a right uppercut and a left hook. Tyson improved his record to 30-0 with 27 KOs and kept his World Boxing Council and World Boxing Association crowns; he will try to unify the three heavyweight titles Aug. 1 against Tony Tucker, the International Boxing Federation champion.

# Evert, Navratilova, Graf in Quarters; Mecir Wins, Novacek Surpises Jaite

The Associated Press PARIS — Defending champion Chris Evert moved into the quarterfinals of the French Open tennis tournament Sunday with a 6-3, 6-1 victory over Katerina Maleeva. She was joined by longtime rival and No. I seed. Martina Navratilova, who crushed No. 15 Sylvia Hanika

On Saturday, West German teen-agers Boris Becker and Steffi

of West Germany, 6-0, 6-2, in 55

#### FRENCH OPEN TENNIS Graf, the No. 2 seeds, survived

mild scares in advancing to the fourth round, along with Jimmy Connors, at 34 the oldest player remaining in the men's draw.

Becker, twice a Wimbledon champion but without a title on clay, mixed powerful winners with impatient errors en route to a 6-1. 3-6, 6-2, 6-1 victory over Henrik Sundstrom of Sweden. After losing only five games in her previous three matches, Graf had to fight to oust Canadian Helen Kelesi, 7-6, 6-

Connors played superbly against 17-year-old Franco Davin of Argentina, the youngest player in the field, and won by 6-3, 6-1, 6-2. That was a different match for me, against someone so young who moves so well," said the eighth-

seeded American. Czechoslovakia produced an upset Sunday by downing 14th-seeded Argentine Martin Jaite, to become the first man into the last eight. His next opponent will be No. 5 Miloslay Mecir of Czechoslovakia, who blitzed Frenchman Patrice Kuchna, 6-0, 6-1, 6-3.

Novacek missed a match point in the third set, which he dropped on a tie breaker. But he did not allow the lost opportunity to worry him the third set," said Novocek, who stretching back six months. had never moved beyond the third round of a grand-slam tournament. "But I said to myself, 'Keep quiet and concentrate

quarterfinals of the last five tournaments he played before Paris and had lost just one set prior to meeting Novocek.

In a men's fourth-rounder, Joa- rors all over the court. Advancing kim Nystrom of Sweden led top-seeded Ivan Lendl of Czechoslova-kia, 6-2, 1-6, 7-5, 0-4, when Kilsch, who downed West German

darkness halted play. Evert, bidding to win this grandslam event for the eighth time and third year in a row, did not let a steady midmatch drizzle disturb her concentration as she overpow-ered the 12th-seeded Bulgarian. "I still think Steffi is favorite,"

said the No. 3 seed. "I'm playing well, but you have to look at what a turn, and Gomez railied from two player has done for three to six sets down to win, 5-7, 1-6, 7-6, 7-5, months prior to the tournament. rather than the day before." Graf

Nathalie Tauziat of France, 6-1, 3-6, 6-0, in an error-filled match. In a three-hour, 52-minute bat-

tle, an inconsistent Andres Gomez. the No.10 seed from Ecuador, barely escaped against Emilio Sanchez. The unseeded Spaniard fluffed a match point in the third set when he hit a wild service re-

Elsewhere Saturday, Jimmy Arias, the only other American left in the men's draw, outlasted Jorge Arrese of Spain, 4-6, 7-6, 6-2, 4-6, 6-2; Arias next plays Becker, whom he beat in the second round of last month's Monte Carlo Open.

"I think I have a chance," said the unseeded Arias, who reached the quarterfinals here three years ago. "He doesn't lose twice in a row to too many people, but he hasn't been playing too well on clay this

Progressing to the women's quarterfinals were No. 7 Gabriela Sabatini of Argentina and No. 6 Manuela Maleeva of Bulgaria. Sabatini, who this year has twice beaten women's Navratilova, ended the run of South African Karen Schimper, 6-4, 6-1. Maleeva downed American Stephanie Rehe,

Arantxa Sanchez, at 15 the youngest player in the women's draw. reached the last eight by downing Carina Karlsson of Sweden 6-1, 6-4. She is the first Spanish woman since 1931 to make the quarterfinals.

Advancing with Becker and Connors as the men finished their third round were No. 4 Mats Wilander of Sweden, No. 6 Yannick Noah of France, No. 11 Kent Carlsson of Sweden and nonseeds Ricki Osterthun of West Germany and Tarik Benhabiles of France. Wilander, the best clay-ourt

player in the world on current form, beat American Aaron Krickstein for the second successive year. Wilander, a winner at Monte Carlo and Rome in the last month, stumbled in the middle but otherwise tournament this year, had little to dominated as he won 6-1, 6-7, 6-0, worry about as Hanika sprayed er- 6-2, his 14th victory in a row.

# 

Phillie left fielder Mike Easler, leaping to snare Mike Mar-Cardinels 3, Astros 2: In St. shall's home run bid and help preserve Kevin Gross's shattout. Louis, Terry Pendleton lined a two-

Baseball

Major League Line Scores Chicago Atlanto Sunchi

**SCOREBOARD** 

FRIDAY'S RESULTS Torento 111 008 60e—3 17 } Virgil (16).

Station and Baone; Sileb, Museelmon (8), Philadesbele 200 008 008—4 2 6 108 Miles (8) and Whilt, W—Stleb, 3-1 L—Sutton (8) and Whilt, W—Stleb, 3-1 L—Sutton (8) and Welch (8) and Welch (8) and Welch (8) and 11 6 8 Ruffin, Ritchle (3), Hume (5), Schotzeder (3), Minesoho 200 202—7 7 2 (3) and Portsk; Welch and Scioscia, W—Detroit 300 502 200—15 16 8 Welch (2-1 L—Ruffin, 3-4 HRs—Los Angeles, Straker, Klink (4), Afherton (8) and Loudner, Solas (9); Terreil, Snell (9) and Health, Nokes (9), Virgin (9) and Sheley 200 110 200—4 10 9 Dorlins, Innis (5), Leoch (6), Myers (7), McCowell (7) and Corler; Drovecky, Dovis (5), Letteris (7), McCullers (7), Gassage (9) and Sontiago, W—Locch, 3-0, L—Leffarts, 0-2.

Category (10), Cashido (1), Cas

lew York, Kiltie (2) 130 att 020-6 10 0 Boston 116 811 czs--- 18 0 Chicago 429 294 48x--- 18 3 Stanley, Sambito (8) and Sullivan; Bonnis-ter, Winn (4), Seorose (8), James (8) and Hossey, Korisovice (8), W—Winn, 2-1. L— Stanley, 2-7, Sv—Jomes (7), HRs—Chicago

Guillen (1), Hotrston (1), Boston (5). Boston, Guillen (1), Horrston (1), Boston (5). Boston, 500gs (7), Burks (5).
Seattle 118 119 380—7 12 0 Beltimore 500 120 880—3 7 8 Langston and Kearnery; Beltiard, Schmidt (5), Ak-Gregor (7), Williamson (7) and Kannedy, W—Langston, 6-4, L—Batlard, 2-1, HRs—Langston, 6

ken (13). Texass 385 391 408—14 15 8
Konstas City 18 697 191—5 8 9
Househ, Williams (8) and Hearts (9); Gubicza, Gunsper (3), Farr (5), Gleates (7), Quisenberry (9) and Quirk, Oven (9), W—Househ, 51.L.—Gubicza, 3-6. HR—Texas, Parrish (11), O'Brien (10), Konsos City, B. Jockson 2 (9).

NATIONAL LEAGUE RATIONAL LEAGUE
Cinclement 128 322 085—13 18 1
Pittibures 130 616 618— 6 11 8
Pocitic, Notines (2), Marchy (5), Williams
(and Didz; Kipper, Fisher (5), Johnson (9)
and LeVeillers, W—Hoffman, 2-1, L—Kipper,
3-5, HRs—Cinclement, Davis (18), Jones (5).

Scott. Lopez (s), Andersen (s), Meads (s) and Assity; Magrana, Tunnell (5), Dayley (7). Horton (s) and Pena. W—Tunnell, 2-0, L—Lopez, 2-1, HR—Houston, Bass (5).

Major League Standings AMERICAN LEAGUE East Division

23 511

Chicago Yonfreal Yew York Shiinteigh 25 22 24 22 21 24 21 24 514 and Virgil. W-Garber, 6-3, L-Lynch, 1-4, HRs-Chicago, Davis (9), Attends, Griffey (4).

Larkin (1). Delroit, Norse 177.

Transcell (4). Broadens (4).

Milleguifae 92 213 660—6 8 8 and Santiaga. W—Leach, 3-0. L—Lefterts, 6-2.

Cleveland 286 22 214—7 14 6 5v—McDowell (4). HRS—New York, Straw-berry (14), Carter (5). Santana (2), Hermondez (7) and Demosey. W—Bolles, 2-0. L—Miguera, 4-5. HRS—Millwaukee, Cooper (3).

Milleguifae (10), Castilio (4).

Cleveland, Smyder (10), Castilio (4).

Cational 488 388 688—13 15 1 Larces, Gott (6), Comstack (6), Grant (7) and Melvin. W—Heatan, 6-2. L—Locas, 5-2. Sv—Burke (5). HRS—Montreal, Raines (4). San

Burke (5). HRs—Montreal, Raines (4). Son Francisco, Williams (3). SATURDAY'S RESULTS AMERICAN LEAGUE

Texas 684 2te coKansas City 343 842 80c—12 18 8
Guzman, Russell (2), Meridiin (5), Harris
d (6), Mohorcic (8) and Peiralli; Saberhasen,
Farr (6) and Guiric, W—Saberhasen, 9-1, L.—
Guzman, 2-5, Sv—Farr (1), HRS—Texas, Buechete (4), O'Brien (1),
Oakland 698 266—3 7 6
369 866—3 7 6

Cleveland 84 198 608 6-5 9 1 Barker, Crim (4), C'ear (8), Plesoc (10) and Surheff; Candiotti, Huismann (8), Salles (10)

Colliferation 200 and 200 and 200 and 200 colliferation 200 and 200 an

W.-Mackoz.4-4, L.-Smith, 5-2, 5v.-Noies (2). New York 91 see 101 — 3 6 9 See Diego 98 508 806 — 8 5 0 Fernander and Carter; Show, McCulters (8) and Sanilogo, W.—Pernandez, 6-2, L.—Show, 1-7. HR-New York, Strawber St. Louis St. Louis Koepper, Smith (8) and Ashby? Cox. Perry (7), Tunnell (7), Horton (8), Worrell (9) and Loke. W—Cox. 5-2. L—Knepper, 2-5. Sv—Wor-Click William 1984 288 988—4 18 1 Clackmooth 918 180 918—2 7 1 Firstourgh 918 180 918—2 7 1 Guilickson, Franco (9) and Disz. Taylor, H. Pano (4), Walik (6), Smiler (8) and LaVallere. W-Guilickson, 7-2. L—Taylor, 1-2. HRs—Cincinnii, Davis (19).

rin, Arge

Outclond 600 463 900—4 16 I New York 396 908 908—3 7 5 Andujar, Netson (6). Leiper (8). Howell (8) and Steinboch: Niekru. Stedderd (6). Guiday (9) and Carone. W—Andular, 1-0. L.—Niekra, 3-3. Sv—Howell (8). HRs—Cakland. Steinbach (4). Dovis (11).

(4), Dovis (11),
Seaftire 988 214 382—12 15 8
Bellfimers 980 888 98 97 2
Margan and Kearney: Bell, O'Connor (4),
Williamson (7), Niedenguer (9) and Kenney,
Van Gorder (9), W—Morgan, 5-5. L—Bell, 5-2.
HRS—Seaftie, Valle (5), Presiev 2 (9). 800 129 811 1-4 11 0 804 180 600 6-5 7 I

M. Holl (7). Allworker, Deer (11).
California ess sos 300 5-3 2
Terosto 300 900 000 1-4 7 0

\* Main Rui, U-Z. HRS.—Terante, Leach (1). Colifornia, Downing (13), DeCinces (4).

Boston

100 see see 000 0-2 6 0

Chicago
Hurst, Schirzidf (9), Sombite (9), Gorder

(10) and Gedman: DeLeon, Searse (9), James

(9) and Karkwicz, W.—James, 2-2, L.—Gardner, 9-2, HR.—Chicago, Royster (2).

(Minnesote at Detroit, sed., reth)

Philodelphia 900 271 000—3 6 1 Les Angeles 900 000 000—6 7 1 K. Gross and Doulton; Hershiser, Howell (3) and Sciescia, W.-K. Gross, 3-4. L.—Her-

ol, Walloch (A).
Chicago 681 814 226—11 17 2
Atlease 682 820 983— 6 11 1
Ajaddus, Noles (6) and Dovis, Sunders (9); Smith, Acker (6), O'Neol (5) and Benedict. W.-Mackur.44, L.-Smith, 53, Sv.-Noles (2).

rik Sundstrom, Sweden, 6-1, 3-6, 6-3, 6-1.
Mats Wilander, (4), Sweden, dei, Aaron Yannick Noch, (6), France, det. Mich Schapers, The Netherlands, 6-1, 6-2, 6-2, 6-2.

el. Jorge Arrese, Spain, Jimmy Arica 0.3.44.62. Ricky Osterfinun, West Germany, del. Denir Keretic. West Germany, 6-2, 5-7, 6-2, 6-4. Kent Carisson, (11), Sweden, def. Francisco

nokov, Soviet Union, 5-7, 6-4, 7-5, 6-3. Fourth Round

Tennis

Fourth Round
Sterfi Graf, (2), West Germany
Kelesi, Canada, 7-6 (7-3), 6-2
Manuela Moleevo, (6), Bulgaric
cale Reite, U.S., 7-6 (8-6), 6-1.
Catartala Statetin, (7), Accepting Schimper, South Africo, 64, 61.

son, Sweden, 6-1, 6-4.

(12). Bulgaria, 6-1, 6-1.
Martina Nevratilova (1). U.S., det. Sylvia
Hanika (15), West Germany, 6-0, 6-2.
Raticelly Ressi (14), Italy, def. Helena Su-

#### Transition

BASKETBALL BASEBALL CALIFORNIA—Placed Donnie Moore, pitcher, on the 15-day disabled list. Activated John Candelor la, pitcher, from the 15-day disabled list. National Baskethall Association NBA-Fined Robert Parish, Baston cente obled list. CLEVELAND—Sent Ernie Comocho,

pitcher, outright to Buffalo of the American Association, Recalled Mike Armstrong, pitch-Association, Recolled Milke Armstrong, pitcher, from Buffalo.

DETROIT—Activated Willie Hernandez, pitcher, from the 15-day disabled list. Placed Darnell Coles. Infelier, on the 15-day disabled list. Sent Blity Bear, outfielder, to Taledo of the International League. Purchased the contract of Jim Walewander, infielder, from Toledo.

MILWAUKEE—Purchased the contract of Len Barker, pitcher, from Denver of the American Association.

National League cey Robinson, guards.
\* PHILADELPHIA—Signed Darryl Coriey, STATEN ISLAND—Skoned Seon Couch and Zieris, guords. FOOTBALL

National Football League National Football League CINCINNATI—Signed Skip McCler

National League NEW YORK-Traded Al Pedrique, inflet Barker, Crim (4), Crear (8), Please (10) and Symbolic Condition, Huismann (8), Balles (10) and Scott Little, minor-leggue outfletder, and Scott Little, minor-leggue outfletder, on the Pittsburgh Protes for Bill Almon, infleder-outfletder. Place David Cone, pitcher, 5y—Please, 11, HRs—Clevetand, Corter (12), on the 21-day elevated the Pocific Coast League.

**European Soccer** 

FRENCH FIRST DIVISION Berdegux 1, SI. Ellenne 0 Paris-Si. Germain 2, Marsellle 9 Toulon 3, Toulouse 2 Le Hovre 1, Auxerre 4 Lens 1, Monaco 1 Rennes 0, Metz 1 Sochoux 3, Brest 0 Nice 1, Lille 0

Norths 2, Rocins Club Parts 3
Points: Bordesux (champion) 53; Marsettle 49; Toulouse 44; Auxerre 45; Monaca
43; Metz. Parts 56; 41; Brest 36; Lans, Nico 27;
Lovol 36; Lilte, Nortes, RC Parts 34; Sainttienne, Le Hovre, Toulon 32; Sochsux 30;
Noncy 29; Rennes 17.
WEST GERMAN PIRST DIVISION

WEST GERMAN FIRST DIVISION
Colone 1, Hemburg 1
Bover Uerdinsen 1, Eintracht Frankfurt 0
Woldhof Mannheim 2, Boyer Leverkussen 1
Homburg 2, Bayern Munich 2
Fortuna Düsseldorf 1, Kolsenslautern 3
Bor, Derfmund 0, Bor, Münchensladboch 2
Polinist Boyern Munich 42; Hamburs 42;
Borussia Mänchensladboch 37; Borussia
Dorfmund, Werder Branten 36; Kalsenslautern, Colone 55; Boyer Leverkusen 34; Stuffern, Colone 54; Boyer Leverkusen 34; Stuffern 54; Boyer 1, Boye tern, Cologne 35; Baver Leverkusen 34; St tern, Ceogne 35; saver Leverrused 37 stringert, Nuremberg 32; Boyer Verdinger 31; Bochum 35; Schelke 27; Weldhof Monnhelm 26; Eintrucht Frankfurt 20; Homburs 16; Fortune Dosseldort 17; Blow-Weiss Berlin 18.

SINGLISM FIRST DIVISION
Leeds 1 Chariton 2 (Chariton remains in

Juite (14), Argentina, 7-6 (7-1), 6-4, 6-7 (0-7), 6-3.
Andres Gomez (10), Ecuador, def. Emillo Antarias Gornez (W), eccesion, der. Emini Sanchez, Spath, 5-7, 1-6, 7-6 (7-4), 7-5, 6-4. Mitosiav Mecir (5), Czechoslovakia, del, Pr frice Kuchno, France, 6-0, 6-1, 6-3. Jackim Nystrom, Sweden, led Ivan Lendi (1) Czechoslovakia. 6-2, 1-6, 7-5, 0-4 (darkness).

Cloudia Kohde-Klisch (8), West Germany, def. Nathalle Tauziat, France, 6-1, 3-6, 6-0. Onris Evert (3), U.S., def. Katerina Maleovo

**NBA Title Series** 

GROUP 1
(A1 Sydney)
ENGLAND 48, JAPAN 7
England — Tries: Mike Harrison J. Rory
Underwood 2 Jornie Solmon. Kevin Simms.
Dean Richards, Gary Rees. Nigel Redman. goals: Webb 2 — Try: Katsulumi Miyaməto. Pent

Kari Bernord, rumine bocks, Steve Bird, wide receiver, Kavin Buenafe, punter, Ran Kosor, center, and Lee Saitz, equarterbock. GREEN BAY—Signed Ken Stills, safety, to AUSTRALIA 47, UNITED STATES 12 Australia -- Tries: Andrew Leeds 2 Dovid Campese, Andrew Stock, Breit Poewerin, Bri-on Smith, Dovid Codey; one penalty try. Con-versions: Michael Lynosh & Penalty goal: a series of one-year contracts. Signed Kevin Withite and Kelly Cook, running backs, Craig Jay, tight end, Ketth Paskett and David Dya

wide receivers, W.C. Nix, center-put Chris Mondeville, Vince Bornett one lite, Vince Bornett and LeRoy aity soal: Neison. Heittime — Australia. 21-3. POINT STANDINGS: Australia 4: Ens-land, United States 2: Japan 8 KANSAS CITY-Announced that Bob Sprenger, publicist, is leaving the team to direct activities surrounding the 50th anniver sary of the NCAA Final Four, Signed Bobs GROUP 2

**Auto Racing** 

NEW ENGLAND—Staned Jac Peterson.

MONACO GRAND PRIX (78 Leps, 299.594 Kilometers/141.394 Miles)
1. Ayrien Senno, Brozil, Loius, 1 hour, 57
minutes, 54.085 seconds
2. Noison Piquet, Brozil, Williams,

5. Janathan Palmer, Britain, Tyrrell, at 2 goal: Manasa Garo; Conversion: Severa Kor

8. Teo Fabl. Italy, Benetton, at 2 laps 9. Aldin Prost, France, McLaren, of 3 lops 18. Satoru Nakajima, Jopan, Lotus, of 3 lops DRIVER STANDINGS 1. Alpin Prest, France, McLoren, 18 points 2 Ayrton Senno, Brazil, Letus, 15 1 Staton Janonsson, Swaden, McLaren, 13 i. Nelson Plquet, Bruzil, Williams, 12 i. Nigel Mansell, Britain, Williams, 10 i. Michele Albareto, Italy, Ferruri I J. Gerhard Berger, Austria, Ferruri a 8. Andrea de Cesaris, Italy, Brebhem, 4 9. Eddle Cheever, U.S., Arrows, and Sator. Makalime, Japan, Lotus, 3

June 2: Boston of Los Angeles June 4: Boston of Los Angeles June 7: Los Angeles of Boston June 9: Los Angeles of Boston x-June 11: Los Angeles of Boston x-June 14: Boston of Los Angeles x-June 16: Boston of Los Angeles

# World Cup Rugby

se — England, 16-7

ireland - Tries: Keith Crasson 2 Micha

Mark Wyatt. Halffime — Ireland, 16-12. POINT STAKDINGS: Wales 4; Canada, Ire-GROUP 3

Haiftime — Italy, 10-3.
POINT STANDINGS: New Zealand 4; Ar-6. Ivan Caselli, Italy, March, at 2 laps 7. Martin Brundle, Britain, Zakspeed, at 2 GROUP 4

> Hasilings &. Zimbabwe—Try: Dirk Bullengae, Conver-sion: Marihinus Grobier, Penalty Goals; Grobler S. Maiffiliae — Scotland, 40-6. POINT STANDINGS: France, Sex Romania 2: Zimbabwe 0

versions: Michoel Lynogn o. Penning Lynogh.
United States — Try: Ray Nelson. Drapped

(At Dunedin, New Zeoland IRELAND 44, CANADA 19 odley, Brian Spillane, Trevor Ringland, op Machelli, Drapped soals: Michael Kier-Canada — Try: Mork Cardinal. Dropped gcal: Goreth Rees. Pepatry socis: Rees 1.

(A) Dunedin, New Zealo ITALY 12, FIJI 15 ITALY 12. FIJI 13
Italy — Tries: Marcella Cuttita, Giancaria
Cucciella, Massima Mascolatti, Dropped
goal; Oscar Collodo, Penalty Goal: Calledo,
Fiji — Try: Salacicii Noiviliwas, Dropped better on certain days."

(At Wellington, New Zealand)
SCOTLAND 60, ZIMBABWE 21
Scotland — Tries: Alan Talt 2, Jain Poxton 2,
Matt Duncan 2, Iwan Tukale 2, Greig Oliver,

'Keep quiet and concentrate.'" and wound up beating Jaite, 7-6, 6-4, 6-7, 6-3. "It was a hard time in has won 36 straight matches, Evert's next opponent will be the 14th seed, Italy's Raffaela Reggi, who registered a minor upset in eliminating fifth-seeded Helena

6-2, on Sunday.

Unseeded Karel Novacek

Jaite had reached at least the Sukova of Czechoslovakia, 6-3, 4-6,

Navratilova, who has not won a

PARIS — It sounds magical: two weeks in Paris in the spring, playing on clay courts that caress instead of pound the body and a chance to win a grand slam tennis championship. But the reality of

the French Open can be far from idvllic. The players appreciate the restaurants, shops and sights of the capital, but they also note that the two-week tournament at the Roland Garros complex near the Bois de Boulogne poses challenges not present at the other grand slam stops.

The weather is foremost. Spring in Paris can be

beautiful - azure skies, warm temperatures, chestnut trees lining the boulevards. But it can also be awful. Last year's semifinal between Ivan lendl and Johan Kriek was played in a drizzly 5-6 degrees centigrade (the low 40s Fahrenheit). Although it has not been that bad so far this time, topcoats and

heavy sweaters have been needed periodically. The weather can go from sunshine one minute to rain the next. "It's not the most predictable place," said Chris Evert, the defending women's champion. "When the sun's out, the balls fly. When it's rainy, they get heavy. It's like playing two different tournaments when the weather conditions change so drastically. That's why certain players play

A French player, Eric Winogradsky, figured he needed wet conditions to slow the ball down for a chance against third-seeded Stefan Edberg in last week's second round. Showers gave him just what he wanted, and Winogradsky, ranked 152d in the world, beat the Australian Open champion in straight sets.

Like Wimbledon and the Australian Open site near Melbourne - and unlike the U.S. Open complex in New York - Roland Garros has no stadium lights. But because the French Open is played less than a month before the longest day of

A Courtly if All-Weather Tournament the year, matches can continue well into the eve-

Men's matches in grand slam events are best-offive sets. On the hard courts of New York, they last two to two and a-half hours; on the slow clay of Roland Garros, where patience is often more of a factor than speed and power, an hour is added to that average.

Clay favors players with strategic baseline games; Evert calls the French Open "a thinking

tournament." Players who like to get a point over with as quickly as possible, such as defending Wimbledon champions Martina Navratilova and Boris Becker, are more vulnerable here. The French Open is a social event in Paris and a source of national pride. French players load up both men's and women's draws. In the early rounds, matches involving French players, no matter their ranking, often are placed on center court,

while seeds from other countries are shunted to cramped side courts. Despite the drawbacks, the players say that the French Open has special appeal. "On most of the outside courts, it's so quiet because of the trees all around. It blocks the noise. It's almost as if you're wearing earmuffs," Kriek said. The parklike surroundings, with crowds full of life but never rowdy, are different from the hushed tones and ivvcovered walls of Wimbledon, the country-fair feeling of the Australian Open, or the subway and airport noise of Flushing Meadow. "At Flushing Meadow, you should wear earmuffs," Kriek said,

There also is a certain distance between most of the players and fans. Although Frenchman Yannick Noah is mobbed wherever he goes, the Beckers and Navratilovas can walk the grounds relatively undisturbed.

"I enjoy this event for a lot of reasons," said Jimmy Connors, the No. 8 men's seed. "I enjoy Paris. My wife and family enjoy Paris. And a little tennis on the side doesn't hurt anyone."

supplying grants to builders. where miniary new approxy was compound to the

# **Landmark Conservation**

By Benjamin Forgey WASHINGTON — The pin-nacled stone tower of a massive Romanesque revival build-ing, popularly called the Old Post Office, today stands proudly on Pennsylvania Avenue in downtown Washington. It has been cleaned and equipped with a new set of bells, it serves as an ideal vantage point for visitors to the capital city, and it is a splendid reminder of a victory in one of the longest and hardest fought preservation controversies in the United States.

It also is an excellent symbol of how far the preservation movement has progressed, and how sig-nificantly architectural attitudes have changed. Few are the cities of any size that cannot boast of an "Old Post Office" — a derelict city hall, an unused school building an abandoned warehouse now restored and put to new economic use.

Several have become civic centerpieces and magnets for revived activity in decaying downtowns. Boston's Faneuil Hall and Quincy Market, restored and expanded to become a festive marketplace in 1976, were the focal points of the first of such major projects. The 1891 Jackson Brewery in New Orleans's Vieux Carre, abandoned in the early 1970s, reopened in 1984 with a sparkling new retail life inside the old shell. Union Station in St. Louis, the biggest single-level passenger terminal in the world when it was completed struction for five decades — it in 1894, but abandoned by the railroads in 1978, was reopened last year as a hotel and retail center. Costing more than \$150 million, it is one of the country's largest-ever projects combining superb restoration with new con-

Most projects are not so grand — they have become beacons for more modest neighborhood or Main Street revivals, attracting new capital for both rehabilitaof-the-century warehouse in Dursuccessful upscale shops. Bulfinch Square, a long-ignored complex of 19th-century courthouse buildings in East Cambridge, Massachusetts, has been judi-



The Old Post Office building's tower.

ciously renovated for theater, office and restaurant use. The entire city of Lowell, Massachusetts, decimated by the demise of its textile industry, has been reborn as a tourist attraction and location for high-technology offices and research laboratories - primarily as a result of many sepa-rate restorations of the old mills.

For many of these projects, large or small, the pangs of re-birth have been difficult. Washington's Old Post Office is a quintessential example. Like many landmarks, it survived for years by a sort of benign neglect. Planners had called for its dewas seen as a monumentally embarrassing piece of bad taste in the framework of the city's official, classic revival style — but they lacked the money actually to tear it down. As a result it was a sorry-looking thing — filthy out-side and inside — when yet an-other proposal for demolition surfaced in the late 1960s.

Fortunately, this proposal coincided with a slowly broadening awareness of the preservation ethtion and new buildings. A turn- ic. Local citizens, outraged at the destruction of much of the city's ham, North Carolina, for history, including entire districts instance, has become "Brighth-ouse Square," an assortment of landmarks, in favor of bland or genuinely offensive modern office buildings, were able, over the course of a decade, to march, sue, lobby and generally to stall the federal government until a turn-

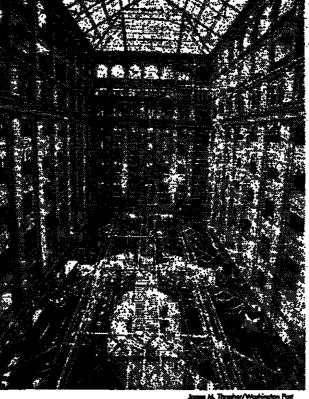
around occurred. The building with its great interior atrium beautifully restored by Washington architect Arthur Cotton Moore, a sequence of shops de-signed by Benjamin Thompson & Associates of Boston (the firm responsible for Faneuil Hall), and a fitting "site-specific" sculpture by California artist Robert Irwin reopened in 1983.

It is a story repeated across the country. The popular revolt against modern architecture — at least as practiced by governments in federally financed public housing projects and speculative builders and their architects in center cities throughout the country - was taking place at the same time as an intellectual rebellion in the architectural profes-

In 1966 Congress adopted the National Historic Preservation Act mandating a national register of landmark properties and stim-ulating a remarkable expansion of preservation agencies on the state and local level. (There were but a handful of such agencies at the time; now there are more than 1,200.) In 1967 Philadelphia architect Robert Venturi published a book, "Complexity and Contradiction in Architecture," that is widely regarded as the crucial opening salvo in the United States of a break with the mod-

ernist tradition. What has evolved is a loose convergence of interests. The grown increasingly sophisticated, focusing upon economic vitality as the key to retention of historic assets and backed by new institutional muscle. The financial key to the recent surge of preservation activity is the revision of the (ederal tax laws, which for years discriminated against preservation by allowing more generous depre-ciation schedules for new construction. This changed dramatically in 1981 when, for the first time, substantial income tax credits were offered for the rehabilitation of historic structures.

Since then, according to the National Trust for Historic Preservation, more than \$2 billion per year of private capital - a tenfold increase over the late 1970s — has



Interior of the Old Post Office building in Washington.

the movement's strength and pop- overpowering the old. ularity.
Architects, simultaneously,

were becoming increasingly aware of history. Probably more important than the new stylistic ecclecticism of the 1970s and preservation movement has 1980s - a worldwide phenomenon loosely termed "Post Mod-ernism" — has been the willingness of the best architects to make the existing physical context of the city the starting point for new designs. Cities throughout the country have become laboratories for ideas about how to fit new construction into the old urban texture. This has contributed significantly to renewed economic life and civic pride in center cities, an important advantage in their stiff competition with burgeoning suburban centers.

periments successful. The tremendous size of many new additions makes aesthetically pleasing results difficult — the Helmsley Palace Hotel, towering brutally behind McKim, Mead & White's been spent on historic rehabilita-tion. The fact that these tax cred-beautiful Renaissance-style Vil-ture critic of The Washington Post.

its were retained (though at lower lard Houses on Madison Avenue rates) in the sweeping Tax Reform Act of 1986 is a measure of eggregions example of the new

But for every defeat there is a remarkable victory — Mitchell-Giurgola's adept, sleek additions to Louis Sullivan's masterful, prototypical 1892 skyscraper, the Wainwright Building in St. Louis; Graham Gund's sensitive package of selective demolition, renovation and new construction at Bulfinch Square in East Cambridge; and Hartman-Cox's huge, and hugely successful, new office building massed behind several low-scale 19th-century pieces on Pennsylvania Avenue in Washington — to name just three.

Graham Davidson, an architect with the Hartman-Cox firm. spoke for many in the architectural profession when he said of the latter project: "We set aside our By no means are all of the ex- experience of 10 or 20 years and the architectoral history of the last 50 or 60 to use a different manner of designing, of making a building of thinking."

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#### LANGUAGE

# The Return of the 17-Year Cicada

WASHINGTON — Seventeen years ago, the nation's campuses were crupting with demonstrations against the war in Vietnam, the best-selling novel was Erich Segal's "Love Story," the most popular film was "Patton" and the top song was Simon and Garinnel's "Bridge Over Thoubled Water," and throughout the Eastern United States was could hardly hear out the Eastern United States you could hardly hear

Like Richard Nixon, the cicadas disappeared and have now made a comeback. Brood-10 cicadas - this year's variety of the inch-long winged insects wrongly referred to as "17-year locusts" — are already hanging from the fruit trees and dropping by the millions on

Cinging suburban passersby.

Cicada, pronounced si-KAY-da, is one of those words you need only once every 17 years, and then you need it badly. It is not a locust, which destructively chews, whereas the cicada harmlessily sucks (I fully expect bumper stickers amounting "Cicadas Sucks" on teen-agers' cars in my neighborhood), and furthermore this all-too-reliable visitor, with the longest developmental cycle of any insect, is better than Halley's

comet for marking eras.

The Latin name cicada is echoic, which means "imitative of the sound made by the thing it denotes," sometimes called onomatopoeic by the crowd that prefers longer Greek derivations. (Greek-speakers will call the same insect the tettix, because that's the way the call of the cicada or tree cricket sounded to ancient Athenian suburbanites; that ticking sound hardly re-sembles the whirring buzz of the Latin term. Perhaps an unpopular Brood-10 leader once said: "Tetrix, tetrix doesn't attract females for me anymore — what

if I try cicada?")

I don't know why the word is classified in dictionames as echoic. Today the noise made by the insect does not sound like si-KAY-da to me; the disturbance squawk sounds like BRA-A-ACK: the congregational song, BUZZ-AYE-EE, and the mating call I am reluctant to commit to print lest the unsuspecting reader say it aloud and be swarmed over.

In newspaper stories and television broadcasts about this visitation, the definition is likely to be "a homopterous tree cricket," although crickets are of a different order of insect. People often use a scientific word like homopterous without a definition because it sounds pompously technical, as if to say: "I looked it up, and that's what it says in the dictionary; don't bother me with the meaning."

In the tribe of invertebrate animals called arthropods, there is a class labeled Insecta, within which we find an order called Homoptera. Entomologists know that the key element of this name is pter, from the Greek pteron, meaning "wing"; this type of winged insect is of an order with sucking mouthparts. (Enomon is the Greek word for "insect"; etymos is Greek. for "true," particularly "the literal meaning according

Poetry lovers will note that poets prefer the Italian word cicala, to the Latin cicada. Byron, in "Don Juan," wrote of "the shrill cicalas, people of the pine," and Tennyson noted, "At eve a dry cicala sung." That was the spelling also used by W. Rhys Roberts in translating one of my earliest predecessors, a Greek

Demetrius was impressed with allegorical language, yourself think because of the chirping of the male and found delight in the brevity and force of messages cicadas. example he gives is that of the defiant message of the Lacedaemonians to the threatening Philip, which read simply: "Dionysius at Corinth." As Demetrius puts it. "If they had expanded the thought at full length, saying Dionysius has been deposed from his sovereignty and is now a beggarly schoolmaster at Connth. the result would have been a bit of narrative rather than a taunt."

The Greek rhetorician again used Dionysius the Younger, tyrant of Syracuse, as an example of the suggestion of irony in what is called "covert allusion." (What has this to do with the damned noisy insects? Stick around.) "Great lords and ladies dislike to hear their own faults mentioned," writes Demetrius. "Accordingly, when counseling them to refrain from faults, we shall not speak in direct terms. We shall, rather, blame some other persons who have acted in the same way. For example, in addressing the tyrant Dionysius, we shall inveigh against the tyrant Phalaris and his cruelty.

The hearer is admonished without feeling himself censured." In modern times, this covert allusion has become known as the Adulatory Admonition of the White House Counsel.

DEMETRIUS has a final example of the Lacedaemonisus' natural turn toward the powerful use of language. "Brevity is, indeed, more forcible and peremptory," he writes, "while prolixity is suited for begging and praying. For this reason, symbolic expressions are forcible, as resembling brief utterances. We are left to infer the chief of the meaning from a short statement, as though it were a sort of indle."

Legitar the statement of the meaning Diagrams that

He cites the saying of the menacing Dionysius that the despot made before he was deposed and became a poorly paid teacher of thetoric in Corinth: "Your cicalas shall chirp from the ground." Comments Demetrius on that allegorical threat referring to the crickets that live in the trees: "The saying Your cicains shall chirp from the ground is more forcible in this figurative form than if the sentence had simply run, Your trees shall be hewed down."

The summer song of the cicada has been sung for thousands of years. Not only did it provide the an-cients with allegerical ammunition to deride former big shots reduced to miserable teachers of rhetoric, but also the damned recurrent chirping down the corridors of time has provided suitable allegorical material for

control negotiators in Geneva; when the Soviet state-ments resound with Dionysian rodomontade, come right back with a cool "Your cicalas (or cicadas) shall chirp from the ground." Let the decoding computers: at the KGB figure that one out.

New York Times Service

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# **ANNOUNCEMENTS** NOTICE OF PUBLIC SALE

NOTICE OF PUBLIC SALE
On June 9, 1987, at 10.00 cm at the
offices of Manufactures Homover Leasing Corporation ("M-EC"), 270 Pack Averue, New York, New York 10017, 29th
floor, M-HC cas secured porty under a
certain Loan and Security Agreement
dated as of Jenuary 18, 1980, as
amended the 201-Series Loan Agreenears), between M-HC and United
Stotes Lines, inc. (USL), with respect to
743 forty-foot obstimum morms dry
cargo containers (the 201-Series Contomiers), cast as secured party under a
certain Loan and Security Agreement
dated as of Morch 16, 1984 (the 401Series Loan Agreement) between
M-HC and USL with respect to 486 for
hy-foot obstiminate mornine cargo refrigerated containers (the "401-Series Contimes and bald as with respect to 486 for
hy-foot obstiminate mornine cargo refrig-

erched containers (the 401-Series Con-tainers), with hold a public auction tole of cill of USL's right, fills and interest in and to the 201-Series and the 401-Series Containers (collectively, the Contain-ers), AM-ILC will conduct the public self-es a charmy-in-fact for USL pursuant to the 201-Series Loan Agreement and the 401-Series Loan Agreement (collective-ly, the Loan Agreement) and as se-cured party offer default pursuant to Section 9-304 of the New York Uniform Commercial Code.

In a 201 Series Conformers were intonufactured in Japan by Neppon Frushau,
Company, Ltd., and the 401 Series Con
toniers were manufactured in WerGermany by Groof K.G. Each of the
401-Series Conformers were manufactered with a refingeration and heating
unit produced by Thermo KingCorporation.

Corporation.

The Containers were purchased by USL subject to purchase money security interests created in frever of MHLC pursuent to the Loon Agreements. USL in default under the Loon Agreements. On or about Nevember 24, 1986, USL filled a petition for reorganization under Chapter 11 of the United States Bankruptcy Code and thereafter, MHLC moved for and was granted by the Bankruptcy Court relief from the automatic stay. This public sale of the Containers in permitted by the Bankruptcy Courts order granting MHLC relief from the cathonicies stay.

USI. has provided MHLC with certain information relating to the location of the Contioners as of May 1, 1987. The records maintenantly USI, may be auticated or incomplete and MHC, makes no representation or warrantly as to the accuracy of the location information supplied by USI. The present location of some of the contioners may have changed since the lest report was compiled by USI, and in certain instances, the practice location of the Contioners? or particular area is not known.

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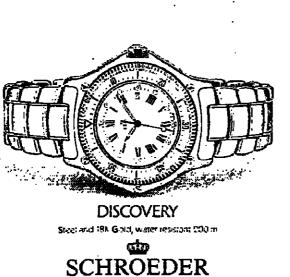
M\*ILC reserves the right to adjourn the public sale from time to time with our votice. All interested porties desiring further information regarding the terms and conditions at the public sale, the location or conditions of the Containers, the terms and conditions of the Lc? Agreements, or the respective do, masts related thereto, or otherwestould contact MFILC, Alth. J. Thomas-Garry at [217] 286-6011 WIMBLEDON TENNIS TICKETS, can-ter No.1 courts, orders token, Tel. 01-407 2850, write "CROWN", 75 New Bond St., Landon WIY 900

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